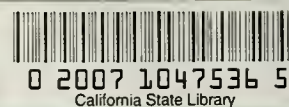


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State of California B U D G E T

For the Fiscal Year

July 1, 1956 to June 30, 1957



Submitted by
GOODWIN J. KNIGHT
Governor

to the
CALIFORNIA LEGISLATURE
1956 Budget Session

**Budget Message of Governor
Letter of Transmittal of Director of Finance
Summary Statements
Budget Charts**



State of California

BUDGET

For the Fiscal Year

July 1, 1956 to June 30, 1957



Submitted by

GOODWIN J. KNIGHT

Governor

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CALIFORNIA LEGISLATURE

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Budget Message

By

GOVERNOR GOODWIN J. KNIGHT

1956-57 Budget

To the Senate and Assembly of the Legislature of California:

I submit the Budget for the State of California for the fiscal year beginning July 1, 1956, and ending June 30, 1957, in compliance with the Constitution.

This is a budget reflecting a sound condition of state finances and a prosperous economy. It presents a forward-looking program of services for a growing State, but it calls for a careful husbanding of expenditures. It is a budget, I am happy to report, which will be financed within the existing revenue structure without new or increased taxes.

Our state revenues, geared as they are to income and business activity, are much higher than our estimates of a year ago, which were in line with the forecasts of the leading economists of the Nation. Economists, so far as I can find, did not have the temerity at that time to predict the present level of prosperity and I for one do not condemn them for their conservatism. I am thankful that increases in revenues, together with savings by careful fiscal management, permit us now to forecast a substantial surplus at the close of the current year instead of the anticipated deficiency we faced a year ago. The revenue estimates in this Budget for the coming fiscal year reflect the present high levels of economic activity, with forecasts of moderate increases based upon careful appraisal of the outlook. As in past years we have had the very valuable assistance of able economists in industry and finance in making these forecasts. Let me remind you, however, that our revenues respond very sensitively to a change in the national and state economy. An increase or decrease of only 1 percent means a difference of \$10,000,000 in General Fund revenues, and our estimates could easily be that much too high or too low.

You will observe that a reserve of \$10,400,000 has been set aside for appropriation for rehabilitation of flood damage in accordance with the recommendations I am making to you in the special session.

EXPENDITURE REQUIREMENTS

It will require a total of \$1,736,112,983 to meet the State's obligations and needs in the ensuing year. This is an increase of \$129,949,012 or 8.1 percent over the estimated expenditures for the current year ending June 30, 1956. Again the increase in expenditures is brought about primarily by the State's continued rapid growth. California, with nearly 13,500,000 people in 1956, has added 2,800,000 to its population in the last six years. We have grown almost three times as fast as the Nation. We have had to crowd into six years the solution of problems which other

states on the average could deal with at a leisurely 16-year pace. There is no prospect for any easing of our pace in the years ahead.

A large part of the operating expenditure and capital outlay schedules for the departments and institutions of the State Government have already been reviewed by the Assembly Committee on Ways and Means and the Senate Finance Committee. I know these committees have found the Budget recommendations to have been well justified and based upon prudent and economical criteria.

STATE OPERATIONS

Generally the expenditure proposals for operating the agencies of the State Government follow the policy of maintaining existing levels of expenditures for an interim budget session year with only the adjustments necessary because of growth. They do not ordinarily make provision for new programs or for expansions in existing programs. We cannot, however, stand still in these days of rapid development and advancement and I am recommending orderly and moderate betterment of staffing and services in a few situations where the needs and the benefits are so well demonstrated that it would be contrary to the public interest to defer them. You have given your support quite consistently to such betterments in previous sessions and I am confident you will continue to do so. Among the most important of these are:

Mental Hygiene

The improvement in staffing and medical allotments in our mental hygiene hospitals is a continuation of our attack upon this great public health problem with the objective of providing the best treatment program that modern science puts at our disposal; and we must extend our efforts to find better methods of dealing with it.

Highway Patrol

The Highway Patrol is the other principal department for which a moderate betterment is proposed in our unending war on traffic accidents. This budget provides for an increase of 270 in the patrol force as another orderly step toward the staff needed to cope with present day needs.

University of California and State Colleges

The number of students enrolling in the university and in the state colleges is increasing at rates greatly exceeding the State's population growth. There will be 7,464 more students enrolled in the state colleges in 1956-57 than in the current year, 22 percent more than the number for which we budgeted this year. The University of California must provide for an increase of 2,913 students, which exceeds the estimate on which this year's budget was based by more than 10 percent.

There are a number of other departments for which next year's requirements make increases greater than population growth unavoidable. The Alcoholic Rehabilitation Commission and the State

Scholarship Commission, for example, will be more fully in operation next year requiring quite heavy rates of increase.

The Budget makes provision for an increase in pay for state employees averaging approximately 5 percent in accordance with the recommendation of the Personnel Board to bring state pay rates into line with comparable employment in private industry and other public jurisdictions.

Provision is also made for a more adequate Emergency Fund. The demands of the flood disaster which followed an extraordinarily heavy forest fire season proved that a \$1,000,000 fund is too small to cover possible needs with any margin of safety. I recommend an Emergency Fund of \$2,000,000 of which \$1,000,000 would be available for the ordinary type of emergency allotments and of which \$1,000,000 would be reserved for meeting emergency needs if we should be so unfortunate as to face another disaster.

It will be seen that for all the activities other than the special situations I have just mentioned, the proposed operating expenditures are closely in line with the State's population growth.

I have no doubt that sound reasons can be given for expanding certain programs beyond the proposals in this Budget. There is a limit, however, as to the amount of such expansions which we can prudently finance in any one year.

Forest Protection

The State Board of Forestry and citizens groups especially concerned with the protection of the State's watershed, forest and range land point to the shocking forest fire losses of the past season and urge that a substantial expansion be made in the Division of Forestry's fire fighting facilities. We have made good progress in our state forest protection service in recent years, but we have not yet attained the ultimate goal. Any large increment in this Budget, however, would have been out of keeping with the policies the Legislature has laid down for a budget session year. I fully appreciate the importance of these natural resources to the general economy of the State and I have asked the Director of Natural Resources to make a careful evaluation of the present fire fighting facilities and present a comprehensive plan for remedying deficiencies for consideration when the next budget is being prepared.

CAPITAL OUTLAY

The Budget proposes expenditures for capital outlay amounting to \$357,926,393, composed of the following separate programs: (1) the State Building Program, (2) the State Highway Program, (3) the Beach and Park Program, including provision for the 1960 Winter Olympic Games, (4) the Wild Life Conservation Program, and (5) Flood Control and Water Conservation.

State Building Program

The major construction projects for state buildings are generally in line with the five-year building program submitted last year. It has been necessary, however, to accelerate the construction

of teaching facilities in the state colleges and the University of California because of a much heavier increase in student enrollments than our conservative estimates of the five-year study. On the other hand, we are pleased to find that populations in our correctional institutions and state hospitals are not as great as had been anticipated and certain projects scheduled for 1956-57 can be deferred for at least one year.

The entire program for the five-year period which contemplates outlays aggregating over \$400,000,000 has had careful review and there are included in this Budget only those projects which must be undertaken without delay in order to provide for badly needed additional capacities in our institutions. There are a good many highly desirable and essential projects which must await a time when we are better able to finance them. It is more and more apparent that we must depend upon the two hundred million dollar bond issue which will be before the voters next November to supplement current revenue funds to meet our state building needs.

State Highway Program

The Budget of highway construction and improvements as developed by the State Highway Commission proposes outlays amounting to \$237,162,456 for 1956-57, which is a slight increase over the present level of expenditures. It is unfortunate that some \$11,000,000 which otherwise would be available for this purpose must be devoted to repairing flood damage on our State Highway System. If, however, the Congress approves the President's program for augmented federal aid to the national highway system, we can anticipate a considerable acceleration in meeting deficiencies in this State.

Beach and Park Program

Since the 1955 Session, the State Park Commission and the staff of the Division of Beaches and Parks have worked diligently on a comprehensive and sound program of beach and park acquisition and development. This has been a most difficult undertaking fraught with many perplexing policy questions and problems in evaluating a great many proposals. The commission has made every effort to adopt a well-balanced program with due regard to geographic location and to the scenic, historical and recreational aspects of the State Beach and Park System. It is, of course, impossible to meet fully the desires of all groups and of all localities. It is impossible too within the limits of time and the available technical staff to make precise cost estimates. There has been the very great difficulty in distinguishing between a facility which has the qualifications of a state park and one which is merely local or regional in character. While questions undoubtedly will be raised as to some of the projects, it is my judgment that the commission overall has developed a good program under difficult conditions and I am submitting it to you without change.

I recommend that the beach and park acquisition program amounting to \$25,606,045 be adopted in full in this Budget. We must recognize that a program of this magnitude cannot be ac-

completed in a single fiscal year. Therefore I recommend that the appropriation for acquisitions be given a five-year period of availability. It is estimated that not more than \$7,500,000 would be expended during 1956-57.

In addition to the above beach and park acquisitions, the Budget proposes more than five million dollars for development and improvements of new and existing parks, extension of the riders and hikers trails, a beginning of a new roadside rest program, and a historic ship project at San Francisco. A further feature is a recommended appropriation of \$1,000,000 for the State Park System costs involved in the Redwood Highway relocation.

The problems concerning a maritime museum and park in San Francisco have not been solved. Since it is quite possible that a state beach or park facility in this general area will be required, it is recommended that a reserve of \$2,000,000 be set aside in the State Beach Fund subject to future action by the Park Commission and the Legislature.

In order to afford additional assurance that the beach and park acquisition program will be carried out with every safeguard I recommend that the property purchasing transactions be made subject to review by the State Public Works Board.

1960 Winter Olympics

The California Olympic Commission has recommended that the initial \$1,000,000 appropriation made by the Legislature last year to finance the 1960 Winter Olympics, which will take place in Squaw Valley, be augmented to the extent of \$4,000,000, and there has been included in the Budget provision for this additional appropriation payable, as was the initial appropriation, from the State Park Fund.

It is my belief that the 1960 Winter Olympics will afford California an opportunity to contribute to international goodwill and understanding and that this will greatly enhance California's prestige. It will likewise advance this State's place in the field of winter sports, and the upbuilding of this important industry as a part of California's economy.

Two engineering firms employed by the California Olympic Commission have reported that Squaw Valley can be developed into a facility to accommodate the Winter Olympics at an outside cost of \$5,000,000 and I am advised that a substantial portion of this money can be recovered out of revenues derived from admissions, television rights and the sale or lease of the physical facilities after the games are concluded. I concur in the recommendation of the California Olympic Commission and urge the appropriation of the necessary funds to assure the success of this internationally important event.

Beach and Park Financing

All of the five-year Beach and Park Program, as well as the 1960 Winter Olympics, can be financed from the accumulated and prospective revenues derived from the beach and park share

of the receipts from state lands, primarily from drilling operations in the state tidelands. In fact, if there should be a marked expansion of tideland drilling operations, with heavy bonus payments as a result of the 1955 leasing legislation, the present formula dedicating 70 percent of these proceeds for beach and park purposes could conceivably provide much more money than prudently could be used for this purpose, and I am recommending that a change in the formula be made so as to continue the amounts for beach and park purposes at approximately the present levels.

Chapter 1422, Statutes of 1945, appropriated \$15,000,000 from the General Fund for acquiring additional state parks and state beaches, with the requirement that the amounts paid from state funds be matched on an equal basis. It is now apparent that the rigid matching requirement is no longer desirable; therefore the program proposed in this Budget does not require matching, although it should be made clear that donations of funds or properties to augment state outlays for certain state beach and park purposes would still be welcome and would still serve a good purpose in advancing the State Park System. Since matching should no longer be continued as an absolute requirement, and since there are ample funds from the tideland royalties to finance the program, and since the General Fund is hard pressed to meet its obligations, this Budget includes a recommendation that the unencumbered amounts remaining in the appropriation made by Chapter 1422 of 1945, estimated at approximately \$3,200,000 as of July 1, 1956, be reverted to the General Fund.

Wild Life Conservation Program

The Wild Life Conservation Program composed of projects approved by the Wild Life Conservation Board to be financed from the continuing appropriation from the General Fund's share of the Horse Race License fees and construction projects for the Department of Fish and Game financed from the Fish and Game Fund are continued at substantially the same level as in the current fiscal year.

Flood Control

The Budget proposes an appropriation from the General Fund of \$2,300,000 for financing the State's share of works scheduled for 1956-57 in the Sacramento River Flood Control Project and the San Joaquin River Flood Control Project. In addition, under Local Assistance, there is an allocation of \$13,340,500 to the Flood Control Districts in Los Angeles, Sonoma, Riverside, San Bernardino and Contra Costa Counties.

Feather River Project

The December floods demonstrated all too forcefully the great urgency for commencing the Feather River Project at the earliest possible moment. This project now has been thoroughly studied and reviewed. It has been found engineeringly and financially feasible by eminently competent authorities both in and outside the state service.

The Water Project Authority at its recent meeting adopted a resolution recommending that we immediately devote \$26,832,000 of state funds to begin the Feather River Project and its related San Joaquin Delta Diversion Project. I am in hearty approval with this recommendation and am implementing it in this Budget. You will find an item to appropriate \$5,160,000 for surveys and construction plans, for acquisition of both the Oroville and San Luis dam sites and for rights of way for the relocation of the state highway and Western Pacific Railroad. These are the initial steps which must be accomplished before any further works can be started.

The adoption of this recommended appropriation will be a commitment by the State of California to proceed without delay with the construction work of relocating the railroad and the highway. It will constitute a further commitment to follow through promptly on the construction of the Oroville Reservoir itself as the next step, involving an outlay of some \$400,000,000. It is probable that contracts could not be let for the relocation construction until July of 1957, although there is some possibility under the most favorable conditions of accelerating that date by a few weeks. We will be better informed as to progress when you reconvene next January, and if at that time it appears that construction funds should be made available for letting contracts before the expiration of the fiscal year, I shall recommend the appropriation of the construction money with an urgency clause so as to make it available well within the time for meeting the earliest possible construction dates.

Between now and your next session we should have information as to what funds we can count upon from the Federal Government and be fully prepared to proceed with action toward early completion of the entire project.

LOCAL ASSISTANCE

The State's financial aid to the Public School System will amount to \$508,034,267 in 1956-57, an increase of more than \$32,800,000 over the current year. This continues to be the largest single item of expenditure from general tax sources; it also continues to be the item involving the heaviest increase. Moreover, the projections of school attendance show a continuing rate of growth in this item for many years ahead.

I have already mentioned the heavy outlay for state aid to local flood control districts. The allocation of \$13,340,500 for 1956-57 is an increase of almost \$8,500,000 over the current year's allotment.

Subventions for social welfare, public health and other purposes are continuing at rates more nearly in line with the general population growth.

Altogether, including both general and special funds, the State's obligations for Local Assistance will amount to \$913,845,918, or 52.6 percent of the total budgeted expenditures.

STATE FISCAL OUTLOOK

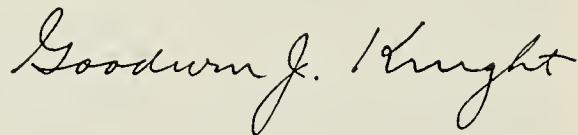
While we may take satisfaction in the fact that our state finances are in a sound current condition, with moderate reserves on which to draw to help finance the Budget for the ensuing fiscal year, we must not be lulled into undue complacency as to our future financial problems. You will observe that the proposed expenditures for the next fiscal year exceed the revenues of that year by more than \$120,000,000 from all funds, that in respect to revenues and expenditures from the General Fund and its related reserve funds, the deficiency is in excess of \$104,000,000. Unless we have a substantial further expansion in our economy we still face a day of reckoning when adjustments in either the revenue structure or the basic expenditure program must be made to attain a balanced budget.

Any informed person who makes a realistic appraisal of the State's obligations and expenditure requirements will find little prospect of a substantial reduction in expenditures. Heavy increases in the costs of education are inevitable as our school and college age group continues to increase. To a lesser degree, the outlays for welfare, corrections, and mental hygiene will continue to grow. By one means or another our water development program must be financed and we must be prepared to meet heavy outlays from state funds. As our fiscal problems become more difficult the need for exercising strict economy in controlling expenditures is all the more apparent. I submit that this administration has shown a good record in this regard and point to the fact that expenditures have been held to amounts well below the amounts appropriated.

Sound and prudent fiscal planning and management are most essential to continue a forward-looking State Government serving the needs of a growing population with a maximum contribution to its welfare and a minimum burden upon its economy. I welcome the assistance of all public spirited groups and citizens in formulating our future fiscal plans.

Please be assured of my full cooperation in your consideration of the State's budget problems.

Respectfully submitted,

A handwritten signature in cursive script, reading "Goodwin J. Knight". The signature is written in dark ink and is positioned above the printed name "Governor".

Governor

March 5, 1956

Letter of Transmittal

HONORABLE GOODWIN J. KNIGHT, *Governor of California*
State Capitol, Sacramento, California

DEAR GOVERNOR KNIGHT: Transmitted herewith are the summary tables and detailed statements for the Budget of the State of California for the Fiscal Year July 1, 1956, to June 30, 1957, compiled in conformity with your policies and instructions.

Again I wish to express appreciation for the cooperation received from department heads and staff members in the work of compiling this budget document.

Respectfully yours,


Director of Finance

March 5, 1956

Summary Statements

- Schedule 1. General Budget Summary.
- Schedule 1-A. Reconciliation of General Fund Accumulated Surplus as of June 30, 1956, Showing the Changes from the Previous Budget Estimate.
- Budget Revenue Estimates
- Schedule 2. Comparative Statement of Revenues for the Fiscal Years 1954-55, 1955-56, and 1956-57.
- Analysis of Expenditures, 1956-57
- Schedule 3. Comparative Statement of Expenditures by Character, Function, Organization Unit and Fund for the Fiscal Years 1954-55, 1955-56, and 1956-57.
- Schedule 4. General Fund, Statement of Financial Condition as of June 30, 1955.
- Schedule 5. Summary of Fund Condition by Funds as of June 30, 1955, June 30, 1956, and June 30, 1957.
- Schedule 6. Statement of Balances in Other Treasury Funds Not Included in Budget Totals, as of June 30, 1954, and June 30, 1955.
- Schedule 7. Comparative Statement of Expenditures of Federal Aid Granted to the State of California for the Fiscal Years 1954-55, 1955-56, and 1956-57.
- Schedule 8. Summary of Proposed Expenditures by Method of Appropriation for the Fiscal Year 1956-57.
- Schedule 9. Comparative Statement of Fixed Charges and Controllable Expenditures for the Fiscal Years 1954-55, 1955-56, and 1956-57.
- Schedule 10. Reconciliation of Expenditures for the 1955-56 Fiscal Year, Showing the Changes from the Previous Budget Estimate.
- Schedule 11. Statement of Bonded Debt of the State of California as of November 30, 1955.

LIST OF CHARTS

- Chart 1. Sources and Uses of State Funds.
- Chart 2. Budget Dollars.
- Chart 3. Comparative Revenues by Major Sources.
- Chart 4. Comparative State Expenditures.
- Chart 5. Fixed and Controllable Costs of State Government.

SOURCES AND USES OF STATE FUNDS

1956-57 FISCAL YEAR

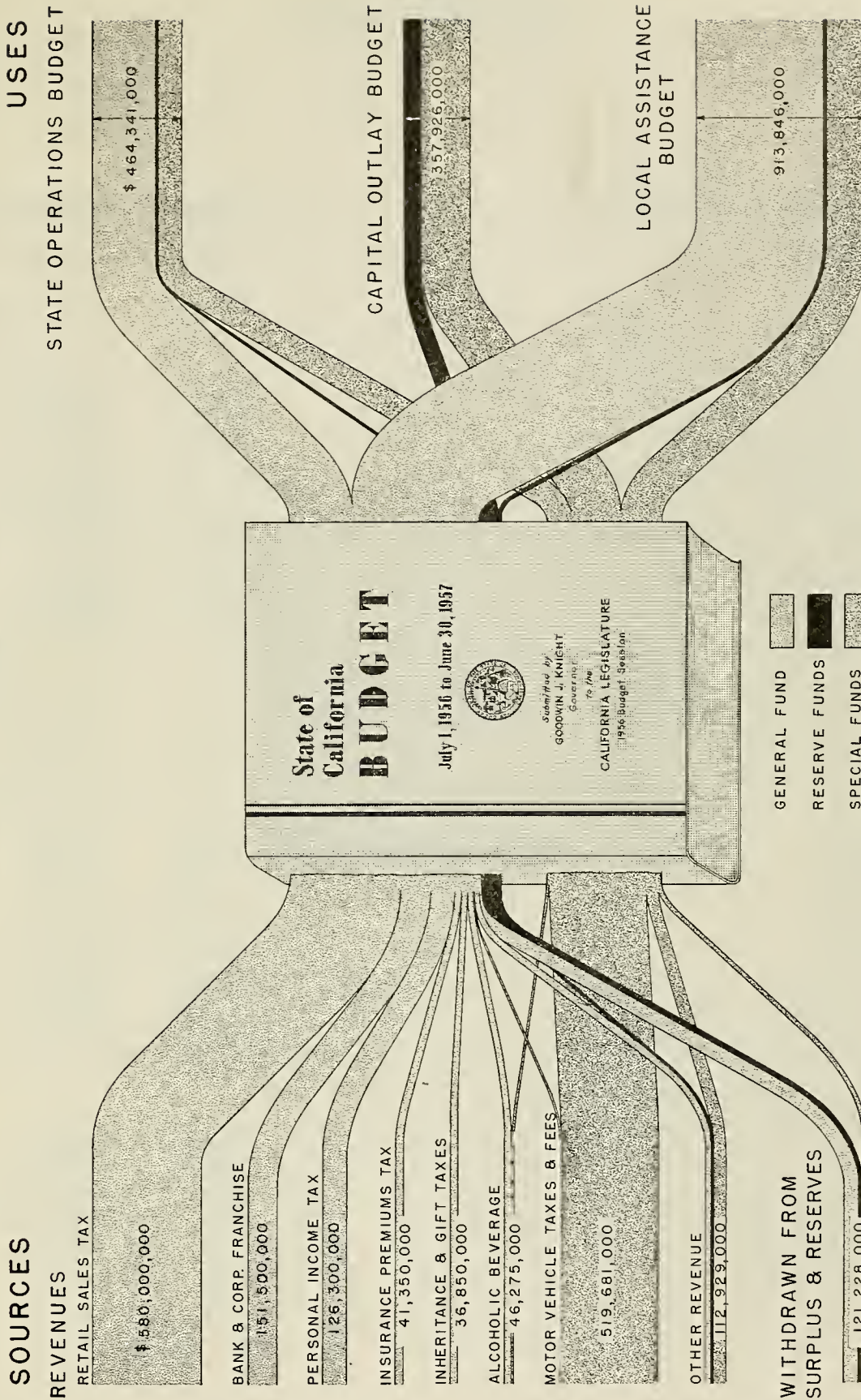


CHART 1

Schedule 1
GENERAL BUDGET SUMMARY

	Reference schedule number	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
GENERAL FUND				
ACCUMULATED SURPLUS, BEGINNING OF YEAR.....	5	\$53,803,975	\$76,488,908	\$108,232,435
Prior year surplus adjustments.....	1-A	1,319,026		
ADJUSTED SURPLUS.....	--	\$55,123,001	\$76,488,908	\$108,232,435
INCOME:				
Revenues.....	2	\$879,122,544	\$985,755,759	\$1,013,837,041
OUTGO:				
DIRECT EXPENDITURES:				
State Operations.....	3	\$263,944,454	\$297,484,597	\$337,760,389
Capital Outlay.....	3	1,037,528	—984,852	5,073,327
Local Assistance.....	3	587,034,956	638,111,968	676,575,927
Total Direct Expenditures.....	3	\$852,016,938	\$934,611,713	\$1,019,409,643
Transfers for expenditure out of other funds.....	5	51,551,730	19,400,519	87,541,265
TOTAL OUTGO.....	--	\$903,568,668	\$954,012,232	\$1,106,950,908
SURPLUS (—DEFICIENCY) OF CURRENT REVENUES.....	5	—\$24,446,124	\$31,743,527	—\$93,113,867
TRANSFERS FROM OTHER FUNDS.....	5	45,812,031		5,214,668
ACCUMULATED SURPLUS, END OF YEAR.....	4-5	\$76,488,908	\$108,232,435	\$20,333,236
Reserve for rehabilitation of flood damage.....	--		10,400,000	10,400,000
AVAILABLE SURPLUS.....	--	\$76,488,908	\$97,832,435	\$9,933,236
RESERVE FUNDS				
ACCUMULATED SURPLUSES, BEGINNING OF YEAR.....	5	\$205,904,318	\$178,459,256	\$109,052,548
INCOME:				
REVENUES.....	2	\$758,587	\$2,755,000	\$1,110,000
OUTGO:				
EXPENDITURES:				
State Operations.....	3	\$1,172,649	\$988,515	\$595,825
Capital Outlay.....	3	44,639,666	80,979,007	86,644,068
Local Assistance.....	3	4,173,000	7,269,786	15,121,289
Total Expenditures.....	3	\$49,985,315	\$89,237,308	\$102,361,182
Transfers to other funds.....	5	27,369,821		545,342
TOTAL OUTGO.....	--	\$77,355,136	\$89,237,308	\$102,906,524
SURPLUS (—DEFICIENCY) OF CURRENT REVENUES.....	--	—\$76,596,549	—\$86,482,308	—\$101,796,524
TRANSFERS FROM OTHER FUNDS.....	5	49,151,487	17,075,600	84,882,265
ACCUMULATED SURPLUSES, END OF YEAR.....	5	\$178,459,256	\$109,052,548	\$92,138,289
TOTALS, GENERAL AND RESERVE FUNDS				
ACCUMULATED SURPLUSES, BEGINNING OF YEAR.....	5	\$261,027,355	\$254,948,164	\$217,284,983
INCOME.....	5	\$98,338,098	\$988,510,759	1,019,616,367
OUTGO.....	5	904,417,289	1,026,173,940	1,124,429,825
SURPLUS (—DEFICIENCY) OF CURRENT REVENUES.....	--	—\$6,079,191	—\$37,663,181	—\$104,813,458
ACCUMULATED SURPLUSES, END OF YEAR.....	5	\$254,948,164	\$217,284,983	\$112,471,525
Reserve for rehabilitation of flood damage.....	--		10,400,000	10,400,000
AVAILABLE SURPLUSES.....	--	\$254,948,164	\$206,884,983	\$102,071,525

Schedule 1
GENERAL BUDGET SUMMARY

	Reference schedule number	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
SPECIAL FUNDS				
ACCUMULATED SURPLUSES, BEGINNING OF YEAR.....	5	\$125,233,828	\$142,685,357	\$136,448,948
INCOME:				
REVENUES.....	2	\$553,942,917	\$573,753,622	\$599,938,310
OUTGO:				
EXPENDITURES:				
State Operations.....	3	\$103,411,820	\$114,095,200	\$125,984,458
Capital Outlay.....	3	232,354,505	255,897,829	266,208,998
Local Assistance.....	3	184,683,096	212,321,921	222,148,702
Total Expenditures.....	3	\$520,449,421	\$582,314,950	\$614,342,158
Transfers to Other Funds.....	5	18,456,967		4,669,326
TOTAL OUTGO.....	--	\$538,906,388	\$582,314,950	\$619,011,484
SURPLUS (—DEFICIENCY) OF CURRENT REVENUES.....	--	\$15,036,529	—\$8,561,328	—\$19,073,174
TRANSFERS FROM OTHER FUNDS.....	5	2,415,000	2,324,919	2,659,000
ACCUMULATED SURPLUSES, END OF YEAR.....	5	\$142,685,357	\$136,448,948	\$120,034,774
CONSOLIDATED TOTALS, ALL FUNDS				
ACCUMULATED SURPLUSES, BEGINNING OF YEAR.....	5	\$386,261,147	\$397,633,521	\$353,733,931
REVENUES.....	2	1,433,824,048	1,562,264,381	1,614,885,351
EXPENDITURES:				
State Operations.....	3	\$368,528,923	\$412,568,312	\$464,340,672
Capital Outlay.....	3	278,031,699	335,891,984	357,926,393
Local Assistance.....	3	775,891,052	857,703,675	913,845,918
Total Expenditures.....	3	\$1,422,451,674	\$1,606,163,971	\$1,736,112,983
SURPLUS (—DEFICIENCY) OF CURRENT REVENUES.....	--	\$11,372,374	—\$43,899,590	—\$121,227,632
ACCUMULATED SURPLUSES, END OF YEAR.....	5	\$397,633,521	\$353,733,931	\$232,506,299

Schedule 1-A
GENERAL FUND ACCUMULATED SURPLUS, JUNE 30, 1956
RECONCILIATION OF THE CHANGES FROM THE
PREVIOUS BUDGET ESTIMATE

ACCUMULATED SURPLUS (—DEFICIT), JUNE 30, 1956, as estimated in the 1955-56 Budget.....				—\$69,213,088
Effect of the 1955 Legislative action:				
Revenue measures enacted.....				+ 11,167,900
Provision for transfer of excess money in the Architecture Public Building Fund.....				+ 1,408,135
Net increases to Budget Act appropriations.....		\$629,765		
Special appropriation measures enacted.....		20,618,326		
Total increase in authorized expenditures.....				b—21,248,091
Increased transfers to Legislative Contingent Funds.....				—400,000
Decreased transfer to Capital Outlay and Savings Fund.....				+ 2,634,593
Other legislative measures affecting funds.....				+ 6,834
Revised estimate of transfer from Employment Contingent Fund.....				+ 500,000
Revised estimate of revenues for the 1954-55 Fiscal Year.....				+ 32,067,835
ACCUMULATED SURPLUS (—DEFICIT), JUNE 30, 1956, as reported in the Summary of Financial Legislation dated July 25, 1955.....				—\$43,075,882
Effect of revenue, expenditure and transfer estimates, for the 1954-55 and 1955-56 Fiscal Years, as revised in the 1956-57 Budget:				
	Previous estimate	Revised estimate		
Revised estimate of revenues:				
Revenues for 1954-55.....	\$859,094,281	\$879,122,544		+ \$20,028,263
Revenues for 1955-56.....	856,848,435	985,755,759		+ 128,907,324
Revised estimate of expenditures:				
Expenditures for 1954-55:				
State Operations.....	269,964,459	263,944,454		+ 6,020,005
Capital Outlay.....	1,072,823	1,037,528		+ 35,295
Local Assistance.....	589,172,797	587,034,956		+ 2,137,841
Expenditures for 1955-56:				
State Operations.....	300,917,274	297,484,597		b+ 3,432,677
Capital Outlay.....	—731,680	—984,852		b+ 253,172
Local Assistance.....	645,087,360	638,111,968		b+ 6,975,392
Revised estimates of transfers from other funds:				
Employment Contingent Fund.....	2,337,693	2,374,443		+ 36,750
Architecture Public Building Fund.....	1,408,135			a—1,408,135
State Beach and State Park Funds.....		3,023,265		d+ 3,023,265
Public Building Reconstruction Fund.....	428			—428
Montague Water Conservation District Fund.....	48			—48
Revised estimate of transfers to other funds:				
Senate and Assembly Contingent Funds.....	2,280,000	2,310,000		—30,000
Agriculture Fund.....	30,000	14,919		+ 15,081
Capital Outlay and Savings Fund.....		19,437,163		e—19,437,163
Prior year surplus adjustments.....				+ 1,319,026
ACCUMULATED SURPLUS, JUNE 30, 1956, as estimated in the 1956-57 Budget.....				\$108,232,435
Reserve for rehabilitation of flood damage.....				—10,400,000
AVAILABLE SURPLUS.....				\$97,832,435

a This transfer will not be made until after July 1, 1956.

b For further detail see Schedule 10.

c Includes \$19,418,604 from released impounded oil royalties which was previously accounted as revenue for the Capital Outlay and Savings Fund. It is now accounted as revenue for the General Fund and as a transfer to the Capital Outlay and Savings Fund.

d This amount was previously accounted as receipts from impounded oil royalties and revenue for the Capital Outlay and Savings Fund. As it was received subsequent to the release of the impounded oil royalties, it will remain in the General Fund.

BUDGET DOLLARS

1956-57 FISCAL YEAR

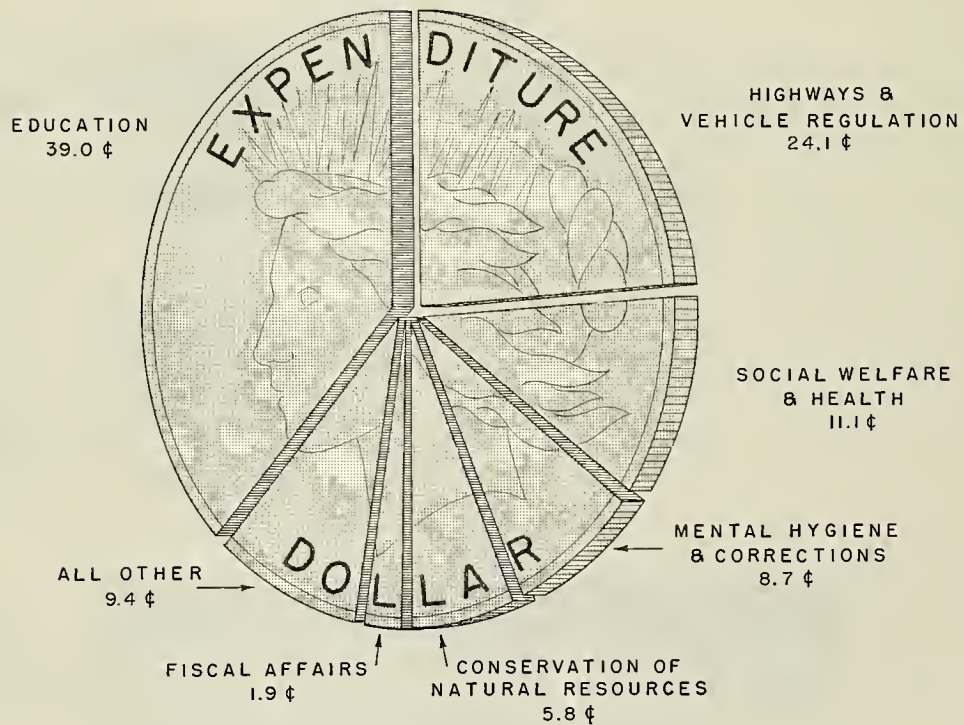
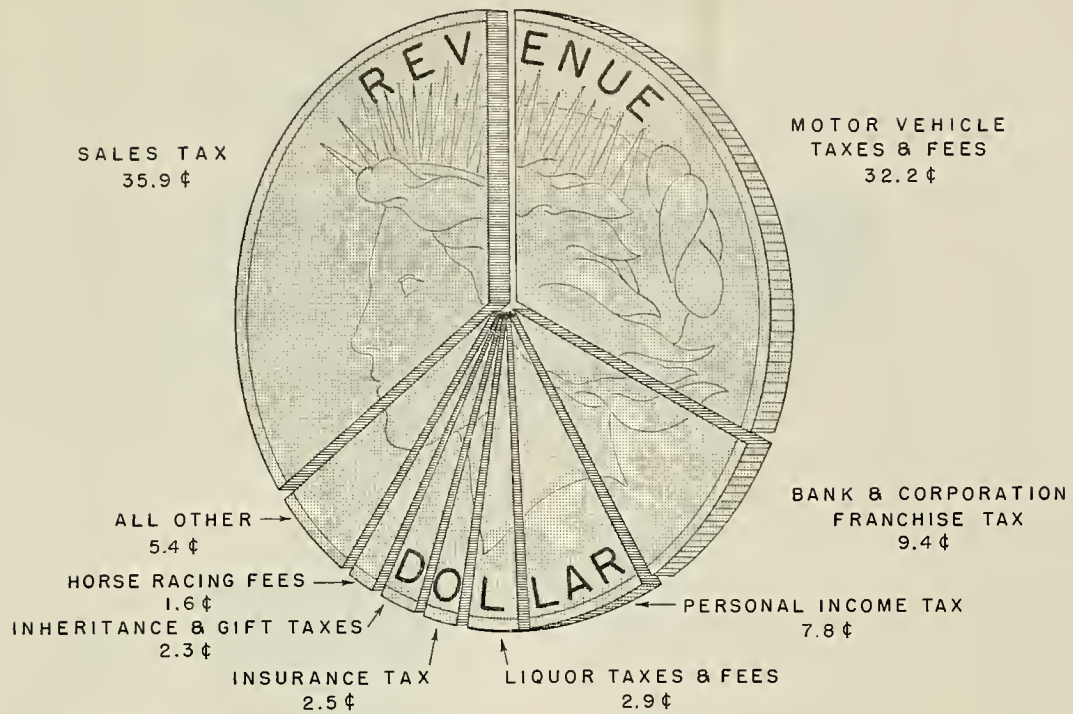
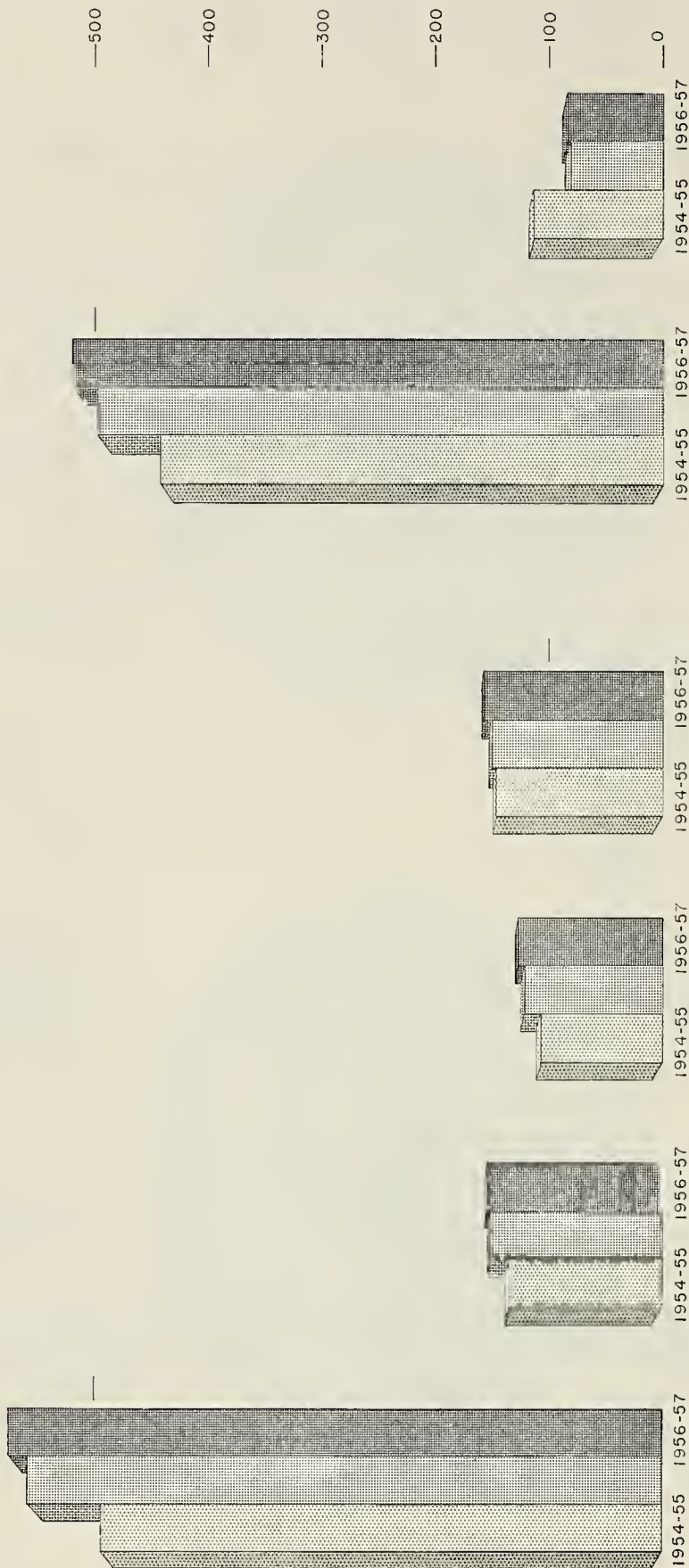


CHART 2

COMPARATIVE REVENUES BY MAJOR SOURCES

1954-55, 1955-56, 1956-57

MILLIONS
OF DOLLARS
—600



SALES TAX



BANK & CORPORATION
FRANCHISE TAX



PERSONAL
INCOME TAX



OTHER



MOTOR VEHICLE
TAXES & FEES



OTHER

GENERAL FUND

SPECIAL FUNDS

CHART 3

Budget Revenue Estimates

State revenue receipts during the 1956-57 Fiscal Year are estimated at \$1,614,885,351, an increase of \$52,620,970 over the indicated total for the current period. This forecast is based upon a moderately optimistic appraisal of probable economic trends in 1956, with personal income, trade, and business expansion carried to new record volumes. In general, however, the margins of gain anticipated for the present year are modest compared with the booming advances achieved in 1955. There are uncertainties and shadows in the present outlook, such as exist at almost any time, but it is believed these negative factors will be nullified by the underlying forces of strength, technological progress, confidence, and the strong demand for higher living standards.

A total of \$1,013,837,000,* the largest sum in the State's history, will accrue to the State General Fund under the estimates here presented, an increase of \$28,081,000 over the amount expected during the current year. Expansion of the sales tax base, chiefly as a result of larger personal incomes and slightly higher prices, is the principal factor in this revenue gain. Corporate profits are expected to remain fairly stable at current levels. Personal income tax receipts are expected to increase as revenue from this source more fully reflects the rise in taxable incomes during 1955 and the further gain anticipated for the current year. Of the important revenue sources, only the distilled spirits excise tax is expected to show a decline. The nonrecurring floor tax on liquor inventories levied in July, 1955, as part of the liquor tax rate adjustment approved at the last legislative session, added \$3,100,000 to the current year's revenue.

Aggregate receipts for the various special funds are projected at \$601,048,000 for the coming fiscal year, a gain of \$24,540,000 over current figures and also a record volume. Virtually all of this gain is attributable to the increase in ownership and use of motor vehicles. With vehicle registrations up from 6,119,000 at the end of 1954 to 6,650,000 last year and 7,400,000 expected by the close of 1957, receipts from fuel taxes, registration fees, and the "in lieu" tax¹ have risen rapidly and may be expected to attain new heights during the coming year.

Revenues from major sources in the three fiscal periods covered by this budget are shown in the following summary table:

* This and subsequent amounts are rounded to the nearest thousand dollars.

¹ Vehicle license fee levied in lieu of local property taxes on motor vehicles.

COMPARATIVE REVENUE (Thousands of dollars)

	<i>Actual 1954-55</i>	<i>Estimated 1955-56</i>	<i>Estimated 1956-57</i>
General Fund:			
Sales and use taxes	\$492,917	\$564,000	\$580,000
Bank and corporation taxes	133,661	151,000	151,500
Personal income tax	106,738	120,900	126,300
Insurance tax	38,501	39,104	41,350
Inheritance and gift taxes	30,250	34,300	36,850
Alcoholic beverage levies	20,658	38,375	37,200
Other revenue	56,396	38,077	40,637
Totals, General Fund	\$879,123	\$985,756	\$1,013,837
Special Funds:			
Motor vehicle fuel taxes	\$244,588	\$274,118	\$282,518
Motor vehicle fees	182,993	205,385	218,166
Released oil royalties	47,310	-	-
Other revenue	79,811	97,006	100,364
Totals, Special Funds	\$554,702	\$576,509	\$601,048
Grand Totals	\$1,433,824	\$1,562,264	\$1,614,885

State revenue from virtually all sources during 1955-56 will be substantially above the amount estimated a year ago. A recovery from the 1953-54 recession was anticipated in the projections made last year, with record breaking activity in many sectors of the economy, but the strength of this movement was grossly underestimated. Sparked by intense demand for motor vehicles, a continued high level of building activity and tremendous industrial expansion, national production of goods and services reached \$387.2 billion in 1955, against a projected \$366 billion underlying State revenue computations. Personal income totaled \$303.3 billion, compared with an estimated \$292 billion, and personal spending advanced as a result of both higher incomes and greater use of credit.

California participated fully in these gains, and our progress was compounded by a sustained large-scale population growth. With State revenue yields tied closely to economic activity and population by the nature of California's tax system, receipts began to exceed the expectations by significant amounts in the first quarter of the current fiscal year. These broad gauged economic changes are reflected in the revision

of 1955-56 revenues. A comparison of the original and revised estimates for principal sources is shown below:

	1955-56 revenue receipts (millions)			
	Original estimate	Revised estimate	Change Amount	Change Percent
Retail sales and use taxes	\$484.7	\$564.0	\$79.3	16.4
Bank and corporation income taxes	131.6	151.0	19.4	14.7
Personal income tax	104.2	120.9	16.7	16.0
Motor vehicle fuel taxes	256.2	274.1	17.9	7.0
Motor vehicle fees	183.4	207.8	24.4	13.3
All other revenue	202.1	244.4	42.4	21.0
Totals	\$1,362.2	\$1,562.3	\$200.1	14.7

ECONOMIC OUTLOOK—1956

Fundamentally, the questions to be answered in estimating budget revenues for 1956-57 are: (1) will the rapid business upswing shown last year be continued and, if so, to what level? (2) If not, will the economy remain relatively stable, or (3) will it subside and to what degree?

There are several reasons for discounting a pattern of continued rapid growth. In the first place, the Nation's industrial machine was operating at near capacity rate toward the close of 1955. Some additions to capacity will be made in the present year, but probably not enough to provide another 7 percent increase in aggregate production of goods and services. Second, a considerable part of last year's increase arose from an unusual expansion in credit—an expansion which caused the Federal Reserve System to tighten the money supply and the Federal Government to impose mortgage restrictions. A further sizable increase in credit transactions would undoubtedly result in additional and more stringent controls in the interest of sound financial management. Third, somewhat more than \$6 billion of the growth in product between 1954 and 1955 occurred as a result of a reversal of inventory policy. Whereas business firms in general liquidated inventories in 1954, they added to stocks last year. Although some further inventory building is probable in 1956, particularly if sales volumes remain high, it is not likely that this element will influence production to the same extent as in 1955. Finally, the unparalleled motor vehicle production and near-record home building are unlikely to stretch into 1956. While both industries are expected to perform very well, they will not be the stimulants to further advances which they were through last year.

Though it is doubtful that business activity will repeat the remarkable ascent of last year, some further increase can be reasonably expected. A number of basic factors point to this conclusion rather than to stability or recession. First, is the strong tide of population growth. The Nation is growing at the rate of nearly 2 percent a year and the State at nearly twice that speed. These trends will not be halted or reversed in the immediate future.

The last few years have brought far-reaching technological developments in virtually every segment of the economy—new and more efficient production methods, new products, and new uses for old products. New competitive forces are being unleashed to permeate industry and prevent stagnation and complacency. As a result of both growth and technical progress, industry is planning to spend 13 percent more

in capital investment during 1956 than in 1955² and nonresidential construction is expected to rise 14 percent, offsetting the prospective drop in residential building and carrying total construction to a new high this year.³

Personal income was at a record level last year, both in the aggregate and per capita. More important, however, the improvement in income was accompanied by relative price stability, and real income per capita stood at an all-time high. Thus, consumers were in an excellent position to gratify to a greater extent than ever before their basic desire for an improved standard of living. There will be further salary and wage adjustments this year as a result of the scheduled increase in minimum wage rate from 75 cents to \$1 an hour on March 1, automatic wage increases, and current year wage rate negotiations. In addition, there is some possibility that consumer purchasing power may be augmented by a reduction in the federal personal income tax, especially as this levy relates to lower income groups.

Led by the demand for metals and machinery, unfilled orders in the hands of manufacturers at the end of December were 19.3 percent above the corresponding date of the previous year, and productive capacity of basic metals is booked through the first quarter of 1956. Primary industries, therefore, will get off to an excellent start in the current year. With the prospect of an increase in heavy construction and in purchases of producers' equipment, there is a promise of continued large scale production, despite some decline in the demand for metals by the motor vehicle industry and residential builders.

Governmental expenditures, which accounted for approximately 20 percent of the nation's total production of goods and services last year, will increase moderately in 1956. Federal expenditures will be greater, and outlays by state and local governments will continue the strong upward trend under the pressure of population growth and the demand for new services and new facilities which have characterized the postwar period.

Price levels are likely to be slightly higher this year, reflecting the recent increases in cost of raw materials (other than foodstuffs), the rising wholesale prices of durable goods, and the further increases in wage scales anticipated this year. In fact, this upward trend was evident in 1955, and the stability of general price indexes was due chiefly to the decline in cost of food items. Rising prices, particularly at the retail level, are especially important in appraising revenue prospects; of the State's aggregate receipts, more than one-third comes from the retail sales tax.

Finally, there must be listed among the plus factors the increasing emphasis upon sound economic management both by business and government. The nation's economy is subjected continuously to close scrutiny, with the result that weaknesses are discovered early and remedial action is started. If basically adverse trends set in during 1956, counteracting adjustments will be made in credit, tax, and purchasing policies in an effort to maintain high level production and employment. While such action may not guarantee stability and growth, it is a posi-

² *Business Week*, Nov. 12, 1955, page 27.

³ *Construction Review*, November, 1955, page 11.

tive force to be considered in appraising the current outlook.

Among the uncertainties in the pattern of 1956 are those inevitably accompanying a presidential election year—not only the uncertainties regarding platforms and candidates, but the uncertainties as to individual and business reactions as the year's political events unfold. Since none of these questions can be answered, political matters must be listed as neutral factors in this evaluation.

Unanswerable, also, are the questions concerning international affairs. The situation which appeared so hopeful at midsummer last year has returned to contention and confusion. Though no major conflict is expected, minor discord and disruption are possible in widely scattered areas of the world. Should any of these breed a conflagration, the entire outlook would be open to reappraisal.

Among the weak spots to be listed in the current outlook are the farm situation, the prospective decline in motor vehicle production, and the anticipated drop in residential building. Agricultural experts are fairly well agreed that the problem of crop surpluses cannot be solved in one year. Hence, farm income this year will probably be no greater than in 1955. Though this basic industry remains weak, it is unlikely the decline which occurred in 1955 will be repeated this year. There is, of course, the hope that federal action on this problem may be prompt and effective enough to produce an immediate improvement in the plight of the Nation's farmers.

The consensus regarding automobile production seems to indicate a reduction of 12 to 15 percent from last year's peak volume, though there is a wide difference of individual opinions, ranging from those who anticipate a drop of one-third to those who expect a repetition of 1955 performance. Assuming a 15 percent drop in physical volume, the decline in dollar value may be considerably less. The wholesale price of passenger cars was 4 percent higher at the time new models were introduced last year than in corresponding months of 1954. In addition, there is a growing tendency to equip new vehicles with optional items which add to the final cost. Moreover, it is probable that new models will be introduced earlier this year, thus concentrating a larger proportion of the initial purchases in 1956 and moving the whole volume of motor vehicle business forward one step. Hence, a 5 percent reduction in sales value may be sufficient allowance for change in this sector.

Similarly, there seems to be general agreement that residential building will decline from 1,330,000 units last year to approximately 1,200,000 in 1956. Here, again, an advance in price coupled with a tendency toward custom built homes may mitigate the decline in dollar volume, and the aggregate value of residential construction may compare favorably with the \$16.6 billion of last year.⁴

The most convenient method of summarizing these economic factors is in terms of the gross national product—the aggregate value of goods and services produced by the economy. Comprised in this total are: (1) personal consumption expenditures for durable

goods, nondurables, and services, i.e. purchases of cars, appliances, clothing, food, professional services, housing, and the other items which make up a household budget. (2) Gross private domestic investment—the purchases of homes, construction of industrial and business establishments, purchases of producers' equipment, and change in business inventories. (3) Net foreign investment—an item of minor importance currently. And (4) government purchases of goods and services—aggregate expenditures by federal, state, and local agencies. Gross national product in terms of these broad segments, and related data for California, are summarized in the following table. Amounts for 1955 are preliminary and for 1956 are projections made to establish the pattern for State budget revenue estimates.

ECONOMIC DATA (Dollar amounts in billions)

	1954 Actual	1955 Preliminary	1956 Estimated
Gross national product.....	\$360.5	\$387.2	\$403.0
Personal consumption expenditures	236.5	252.3	262.0
Durable goods	29.3	35.3	35.0
Nondurable goods	120.9	125.9	131.5
Services	86.4	91.2	95.5
Private investment	47.2	59.3	62.0
New construction	27.8	32.4	33.0
Residential	13.5	16.6	16.0
Nonresidential	14.3	15.8	17.0
Producers' equipment	22.3	23.8	27.0
Change in inventories	-2.9	3.2	2.0
Net foreign investment	-0.3	-0.4	-
Government purchases	77.0	75.9	79.0
Federal	49.2	45.8	47.0
State and local	27.8	30.1	32.0
Personal income—U. S.	287.6	303.3	316.0
Personal taxes	32.8	33.9	35.5
Disposable income	254.8	269.4	280.5
Personal income—California ..	27.0	29.6	31.3
Personal taxes	3.2	3.4	3.6
Disposable income	23.8	26.2	27.7
Spendable resources of California residents *	22.5	26.0	26.9
California population July 1 (thousands)	12,595.0	13,035.0	13,455.0

* Spendable resources include allowances for change in short-term consumer credit and change in liquid asset holdings of individuals, such as money, bank accounts, and savings bonds. Amounts are estimated by the State Department of Finance. Source: Data for 1954 and 1955 compiled by Federal and State agencies; 1956 estimated by State Department of Finance, Budget Division.

California Situation

Gains registered in this State last year were substantially better than those shown for the Nation in several basic factors. California's rate of population growth was approximately twice that of the Country between 1954 and 1955. The rate of gain in average employment was fractionally greater and the proportionate decline in unemployment considerably more. California's percentage growth in aggregate personal income was nearly twice that of the Nation, and this was reflected in a corresponding comparative gain in retail trade. Broader advances were recorded in the construction field, judging from percentage increases in the number employed, cement shipments, and value of permits issued. Only in corporate earnings did California's rate of gain fall behind that of the Nation. However, corporate income attributed to California increased during 1954, compared with the decline for

⁴ The joint estimate of the U.S. Department of Labor and U.S. Department of Commerce places the value of residential building (nonfarm) in 1956 at \$16.2 billion, as compared with \$16.34 billion in 1955. *Construction Review*, Nov. 1955, page 11.

the Nation; and over the two-year period, 1953-55, California corporations registered a greater than average percentage gain.

This comparatively better showing by California should continue in 1956. The long-term movement of population into this State will supplement the natural increase. Diversity of the State's industrial pattern should better enable this State to ride out rolling adjustments in particular industries. The growing western market will continue to attract manufacturing establishments to this region, and the newer, growth industries—electronics, chemicals, apparel, production of television programs—will broaden still further our industrial pattern. In the field of agriculture, California's important specialty crops are not depressed by market surpluses, and our position as a food center is continually being strengthened by progress in the processing and preserving industries. All told, the relatively favorable 1956 business outlook for the Nation holds even greater promise for this State.

Personal income of California residents last year is estimated at \$29.6 billion, an increase of \$2.6 billion over the total reported for 1954. Under the pattern of economic conditions indicated for the current year, this total may be expected to rise to a new record of \$31.3 billion. Federal and state income taxes will take approximately \$3.6 billion, leaving disposable income of \$27.7 billion. Savings are likely to increase from last year's unusually low level, while the increase in outstanding credit, if any, will be considerably below the record established in 1955. Consequently, the aggregate volume of personal spending is estimated at \$26.9 billion, compared with an indicated \$26.0 billion in 1955 and \$22.5 billion in 1954.

Sales Tax—\$580,000,000

Sales tax revenue is expected to rise moderately during the budget year under the assumption of sustained economic activity outlined earlier. Total sales tax, use tax, and permit fee collections have been estimated at \$580,000,000 for 1956-57, compared with \$564,000,000 apparent for the current fiscal year and \$492,917,000 actually received during the year ending June 30, 1955.

Taxable sales are expected to follow the rising trend of income. The 6 percent increase in income, however, probably will not generate an increase of the same magnitude in taxable sales. Californians made extensive use of credit in their purchases during 1955, and as a result outstanding consumer credit rose more than three-quarters of a billion dollars in this State during the year. An increase of only about one-third this record is anticipated for 1956.

Other considerations underlying the revenue estimates of this tax are: (1) a reduced volume of motor vehicle sales, (2) a relatively small rise in construction expenditures with an increase in nonresidential building offsetting a probable decline in housing, (3) substantially greater purchases of industrial equipment items, and (4) a normal purchase pattern of consumer nondurable goods and consumer durables (other than automobiles) commensurate with the projected population growth and price rises.

Californians are expected to purchase about 10 percent fewer automobiles in 1956, but the dollar volume

of expenditures on vehicles is not expected to decline more than 5 percent from the record level of 1955. Prices of current models are about 5 percent higher than a year ago, and no reductions are anticipated for the remainder of the model year or on 1957 vehicles. Dealers are likely to continue the current practice of giving high trade-in allowances rather than cash discounts, thus preserving the level upon which the sales tax is based. In addition, the trend toward more optional equipment is likely to continue. A minor increase in dollar sales of replacement parts and supplies has been assumed. Total taxable sales of motor vehicles and vehicle supplies and parts have been forecast at 3.7 percent below corresponding amounts in 1955.

Fewer dwelling unit starts are anticipated for 1956, but rising construction costs and the trend to larger units should hold the decline in dollar volume to modest proportions. On the other hand, greater outlays are expected in industrial and commercial building which should more than offset the decline in home construction. In total, expenditures for building materials and supplies are expected to rise about 3.3 percent above last year.

California will undoubtedly share in the large volume of expenditures for plant and equipment forecast for the current year. Available reports on proposed plant expansion in 1956 indicate a greater gain over the previous year for this State than for the Nation. A moderate increase should also be recorded in supplies, replacement parts, and other items consumed in business operations. Total expenditures for producers' equipment and supplies are expected to exceed last year's record by slightly over 9 percent.

Purchases of consumer nondurable goods should rise about 4.5 percent, generally paralleling population growth and the slight price increases anticipated during the current year. Purchases of consumer durables (excluding automobiles) are expected to expand at almost the same rate. Although the decline in the number of new dwelling units foreseen for 1956 will have some depressing effect upon purchases of furniture and appliances, this decline in demand for original equipment should be offset by a stronger demand for replacements and by the desire for an improved standard of living.

Estimated sales volumes for 1956 compared with apparent sales in 1955 and actual amounts for 1954, summarized in five broad groups, are given below:

	<i>(Millions of dollars)</i>			<i>Percent</i>
	<i>Actual</i>	<i>Estimated</i>	<i>Estimated</i>	<i>change</i>
	<i>1954</i>	<i>1955 *</i>	<i>1956</i>	<i>from 1955</i>
Nondurables -----	\$6,304	\$6,912	\$7,225	4.5
Consumer durables †	1,459	1,688	1,763	4.4
Motor vehicles and motor vehicle sup- plies and parts----	2,987	4,183	4,027	-3.7
Building materials---	1,773	2,141	2,212	3.3
Producers' equipment and supplies -----	2,772	3,161	3,453	9.2
Total-----	\$15,295	\$18,085	\$18,680	3.3

* Actual for first three calendar quarters and estimated for the fourth.

† Other than motor vehicles and building materials.

As in previous years, another method also has been used to estimate the volume of transactions subject to sales tax during the period covered by this budget.

This employs the average relationship between taxable sales and the estimated spendable resources of civilians in California during the 20 years 1935 through 1954. Based on this relationship, the \$25.7 billion of spendable resources estimated for 1956 should produce taxable transactions amounting to \$18.7 billion. This compares very favorably with taxable sales estimated by analysis of the industry groups comprising the sales tax base.

Total taxable sales forecast for 1956 have been allocated by quarters, assuming a normal seasonal pattern with an allowance made for an early Easter in the current year. Receipts from the sales tax audit program and other miscellaneous assessments have been estimated to total \$13,000,000, compared with \$12,400,000 in 1955. Sales tax on gasoline tax refunds (fuel consumed off the highways) has been estimated at \$1,200,000 compared with the \$1,251,000 withheld during the calendar year 1955.⁵

Bank and Corporation Tax—\$151,500,000

Corporate income subject to the bank and corporation tax reached \$3,325,000,000 in 1955, up 6.7 percent from the corresponding total of the previous year, according to data provided by 363 sample corporations which make up more than half the tax base. Among the 69 industry groups comprised in this survey, 46 reported increases over 1954, while 23 showed no change or declines. Among those scoring the largest improvement were manufacturing, telephone and telegraph, and gas and electric utilities; the important groups with lower profits last year included oil production, banking, nonresidential construction, agriculture, rail and highway transportation, retail food stores, and motion pictures.

The 6.7 percent increase over 1954 reported by California firms compares with an estimated 27 percent gain in profits for corporations in the Nation. Lest this be taken as an unfavorable comparison, it must be pointed out that California corporations showed an increase in aggregate earnings during 1954 while the national earning trend was down. Over the two-year period from 1953 to 1955, California firms registered an 18.9 percent advance, as against 12.8 percent nationally.

The following table compares the percentage change in corporate profits before taxes in 1955 over 1954 for both the United States and California by major industries:

Percentage Change in Corporate Profits Before Taxes 1955 Compared to 1954 by Major Industry		
	United States *	California
Mining	+33.0	-7.2
Manufacturing	+35.1	+13.3
Transportation	+57.1	-15.3
Communications and public utilities ...	+15.4	+23.4
All other industries	+23.6	+0.7
Total all industries	+27.0	+6.7

* Based on charges first nine months of 1955 compared to first nine months of 1954.

⁵ In preparing revenue estimates, calendar year data are used almost exclusively in order to take full advantage of such related material as census reports, personal income, and other economic data. All estimates include assessments of additional tax, interest, and penalties as a result of the audit programs of tax administering agencies. Calendar year estimates are apportioned to fiscal years on the basis of ratios during recent years.

In preparing estimates of earnings for 1956, it was assumed that the loss in income experienced by banks due to security operations will be halved, while their net earnings on other operations will increase approximately 3 percent, compared to an 11 percent gain in 1955. In total, therefore, income from banking operations in 1956 is assumed to exceed 1955 earnings by about 10 percent. Income of public utility and communication enterprises should continue upward as greater demands for these services by industry and a growing population are satisfied. Railroads, in 1956, are expected to reverse the downward trend of the last few years and show a slight improvement. Net profits of other industries, in the aggregate, may decline slightly, primarily as a result of more intense competition, higher operating costs, and curtailed activity in the residential construction and motor vehicle fields.

In total, corporate profits subject to the California bank and corporation tax in 1956 are expected to total \$3,340,000,000—slightly above the record level of 1955. Collections from the audit program should amount to \$9,000,000 in both 1956 and 1957 compared with \$8,960,000 for 1955. The second installment of the bank tax, due in January 1957, is estimated at \$11,250,000. After adjustments and distribution on a fiscal year basis, revenue from this source in the budget year is estimated at \$151,500,000, against \$151,000,000 currently and \$133,661,000 in 1954-55.†

Personal Income Tax—\$126,300,000

Income received by Californians during the calendar years 1954, 1955, and 1956 largely determine income tax collections for the Fiscal Years 1955-56 and 1956-57. Revenue estimates, therefore, have been based upon the recently inaugurated personal income series, by states, published by the U. S. Department of Commerce for 1954, and estimated personal income of California residents for 1955 and 1956, prepared by the Department of Finance. The estimate of personal income for 1955 was based upon available data relating to wage and salary disbursements, proprietors' income, property income, transfer payments, and contributions made for social insurance. Income for 1956 was estimated in accordance with the general economic outlook discussed previously.

Income to California residents for the three years under consideration is shown in the following table:

	Personal Income (Millions of dollars)		
	1954	1955	1956
Wage and salary disbursements	\$18,383	\$20,345	\$21,600
Proprietors' income	3,559	3,836	3,900
Property income (dividends, interest, and rents)	3,481	3,674	3,840
Other income	2,110	2,303	2,600
Less: Contributions for social insurance	507	583	640
Totals	\$27,026	\$29,575	\$31,300

† The supplementary corporation income tax is combined with the bank and corporation franchise tax for purposes of revenue estimating and reporting in this budget. The two levies are identical in essential features. The corporation income tax is estimated to yield \$1,200,000 in 1955-56 and \$1,000,000 in 1956-57. Actual receipts last year were \$885,000.

Income from wages and salaries accrues primarily to the lower and middle income groups, proprietors' income to the upper middle brackets, and property income to the higher income group. Consequently, the source of income as well as the magnitude is of importance in determining the effect of income upon tax receipts. Ten years of relationship between tax receipts attributable to wage and salary disbursements, proprietors' income, dividends, interest, and rental income, and their counterparts in the personal income series was used to estimate collections from each of the above groups. Based upon these relationships and the estimates of personal income shown above, tax liability was estimated for each of these sources. On this basis, approximately 90 percent of the current year self-assessed tax was determined.

The remaining 10 percent of tax liability is generated by two income sources having no such relationship upon which to estimate self-assessments. These are net capital gains and miscellaneous income. The former has no counterpart in the income series while the latter, composed primarily of income from fiduciaries and alimony payments, has no relationship with the miscellaneous income of the personal income series. It was assumed that capital gains reported on 1955 returns would be substantially higher than in preceding years as a result of the profit taking on security holdings immediately following the news of the President's illness. Price increases of real property should have an added effect on this type of income. Capital gains are expected to decline in 1956, assuming no repetition of the profit taking of the previous year. However, gains from transactions in real property should be fairly constant. This sector is highly unpredictable and directional fluctuations in opposition to income trends are not uncommon. Tax receipts from miscellaneous income have been relatively stable in the last few years, and revenue from this source has been held at current levels.

Collections resulting from office assessments are expected to be greater by \$500,000 in 1956-57 than in the current year as a result of enforcement activities. Action by the 1955 Legislature bringing many of the sections of the personal income tax law into conformity with federal provisions is not expected to influence collections.

The personal income tax has been estimated to yield \$126,300,000 during 1956-57 compared with \$120,900,000 in 1955-56. Actual receipts during 1954-55 totaled \$106,738,000.

Insurance Tax—\$41,350,000

Revenue from the 2.35 percent tax on insurance companies during 1956-57 will be based upon gross premiums written last calendar year. Following the method used successfully in previous estimates, 133 major insurers were requested to provide data on the percentage change in the dollar volume of business in 1955 compared with 1954, by types of insurance. Replies from the entire sample show that most major lines increased last year, led by substantial gains in life and disability insurance. However, rate reductions on automobile insurance held premiums for this type of coverage to a modest 2.6 percent advance over 1954. Workmen's compensation premiums,

which account for one-twelfth of the base, remained at the 1954 level despite the increase in employment.

It is estimated that dividends to policyholders continued the long-term upward trend, and the deduction allowed for property taxes paid on principal office buildings in California also rose moderately. As a result, insurance tax payments in 1956-57 are estimated at \$41,350,000, an increase of 5.7 percent over the \$39,104,000 shown for the present year and 7.4 percent over actual receipts of \$38,501,000 during 1954-55.

Inheritance and Gift Taxes—\$36,850,000

Inheritance and gift tax receipts depend primarily upon the number and size of bequests and upon the relationship between decedent or donor and the beneficiary. However, general business conditions and price levels also influence the volume of collections. The higher security values prevailing during recent months are being reflected in current receipts and will continue to exercise an influence for the remainder of the current fiscal year at least. Inheritance tax collections are currently running at an annual rate of more than \$2.64 per capita and, allowing for population growth, it seems reasonable to assume total collections of \$35,000,000 during 1956-57. Inheritance tax collections in 1954-55 were \$28,429,000, and a total of \$32,500,000 is estimated for the current fiscal year.

Receipts from the gift tax are estimated at \$1,850,000 in the budget year, compared with \$1,800,000 in the current period and \$1,821,000 during 1954-55.

Alcoholic Beverage Taxes—\$36,150,000

The increase effected last year in the excise tax rate on distilled spirits is clearly evident in the estimates of revenue from this source during the current year and next. The 1955 adjustment carried this levy from 80 cents to \$1.50 per gallon—median rate for the Country as a whole. As a result, receipts from this tax are estimated at \$31,750,000 for next year, compared with \$33,000,000 in 1955-56 and \$16,108,000 in the last year under the old tax rate. The current figure, \$33,000,000, is abnormal in two respects. It includes receipts from the 70-cent per gallon "floor tax" on dealers' inventories July 1, 1955, imposed at the time the excise tax increase became effective. This supplementary levy produced approximately \$3,100,000 in current year income. Second, so far as revenue computations are concerned, the \$1.50 rate will not have been in effect for the full twelve months of 1955-56. Receipts during July of last year represented tax on sales made during June and subject to the 80 cent rate. Excluding the floor tax, receipts this year will be somewhat below the annual volume of revenue to be expected at the new tax rate.

Distilled spirits consumption continues to increase each year—from a total of 19,704,000 gallons in 1954 to 20,954,000 gallons last calendar year. In terms of the adult population, per capita consumption has shown a slight down trend during the past several years. In the twelve months ending last December 31, taxable consumption amounted to 2.53 gallons per adult, and this ratio has been projected at 2.48 gallons this calendar year and 2.45 for 1957, making totals

of 21,100,000 and 21,300,000 gallons, respectively, in these two periods.

The excise tax on beer and wine is expected to increase slightly over the \$4,172,000 received in 1954-55. After varying only a minor fraction in four years, taxable beer consumption per adult dropped 2.5 percent in 1954 to 21.89 gallons per capita.⁶ This relationship has been estimated at 22.2 gallons in both 1956 and 1957. Dry wine consumption, which has followed a gradual upward trend for several years, is expected to reach 1.26 gallons per adult in 1956 and 1.32 in 1957. Use of sweet wine, which has varied widely in relation to adult population, has been held at approximately 1.9 gallons in projecting budget revenue from this source. Receipts from the tax on each of the principal types of beverages are:

	<i>(Thousands of dollars)</i>		
	<i>Actual 1954-55</i>	<i>Estimated 1955-56</i>	<i>Estimated 1956-57</i>
Distilled spirits-----	\$16,108	\$33,000	\$31,750
Beer-----		3,735	3,800
Sweet wine-----	4,172	315	325
Dry wine-----		100	115
Sparkling wine-----		150	160
Totals -----	\$20,280	\$37,300	\$36,150

Private Car Tax—\$1,350,000

Railroad cars owned by companies other than railroads are taxed by the State in lieu of local levies on this type of property. The tax is based upon assessed value and the number of days each unit of equipment is located in California during the year. The rate imposed is the average tax on real and personal property throughout the State in the preceding fiscal year. On this basis, an assessment of \$1,301,000 was made for 1954-55, including minor amounts of interest and penalties. The average values per unit have been rising slowly in the last five years and this slight up-trend will probably continue. The average tax rate will be \$5.16 per \$100 of value—approximately 7 cents more than last year. This pattern of higher values at increased rates indicates total receipts of \$1,331,000 in 1955-56 and \$1,350,000 in 1956-57.

Other General Fund Revenue—\$40,337,000

For the most part, other revenue to the General Fund represents such nontax items as receipts from the care of patients at state hospitals, oil and mineral royalties, interest income, and departmental charges of various types. In addition, there is included the General Fund shares of liquor license fees, horse racing revenue, and motor vehicle license fees, shown with major taxes and fees in Schedule 2. These account for \$8,801,000, or approximately one-fifth of the total treated as "other revenue."

Departmental revenue available for general use has shown a gradual increase over the years, and will continue to grow in 1956-57. Miscellaneous receipts drop sharply from \$32,405,000 in 1954-55 to \$13,898,000 expected in 1955-56, due almost entirely to the fact that the former amount includes \$19,419,000 released to the General Fund from oil royalty revenue impounded during the controversy with the Federal

⁶ Computed on the basis of population aged 21 and over.

Government over ownership of the tidelands. Miscellaneous revenue in 1956-57 is estimated at \$15,163,000.

The total of \$40,337,000 shown as other General Fund revenue anticipated in 1956-57, may be compared with \$37,821,000 in the current fiscal year and \$55,474,000 in 1954-55.

SPECIAL FUND REVENUE

A substantial part of the State's revenue is restricted as to use by provisions of the Constitution or statutes, and under California's financial procedure this money is separately accounted in various special funds. Three categories of income comprised in the special fund total are: (1) the receipts from broad tax levies which are dedicated to specific functions; (2) charges for special services to specific groups; and (3) certain rentals, royalties, and other receipts earmarked for particular purposes. Motor vehicle taxes and fees which must be used for highways and activities related to motor vehicles illustrate the first of these classes. License fees for the regulation of businesses and professions are typical of the second, while oil royalties dedicated to beach and park development are examples of the third group. Interest earned by the investment of special fund money accrues to the fund for which the investments are held.

Receipts from taxes and license fees related to the ownership or operation of motor vehicles account for approximately one-third of all state revenue and 86 percent of the money going into special funds next year. The most interesting development in this area of fiscal operations is the great productivity of these levies during periods of intense business activity. During 1953-54, first year under the higher rates imposed to finance an expanded highway construction program, receipts totalled \$402 million. The following year this increased a little more than 10 percent to reach \$444 million. In the current fiscal period, the aggregate is estimated at \$497 million, and for 1956-57 the projection is \$520 million.⁷ Thus, in a space of three years, receipts have increased more than \$118 million, or nearly 30 percent, with only minor revisions in the scope of the tax and no increase in tax rates. The entire change is the result of growth in the number of registered vehicles, increased prices which have influenced market values of vehicles established in connection with the vehicle license fee,⁸ and to a minor extent, the larger volume of business handled by highway transportation companies.

Motor Vehicle Fees—\$220,527,000

Fee-paid registrations are expected to reach a total of 7,400,000 by December 31, 1957. This includes passenger cars, trucks, trailers, and motorcycles and compares with a total of 6,650,000 at the end of last year. Since 1950, a net of 1,700,000 vehicles have been added to the registration rolls, against an increase of approximately 2,350,000 in civilian population—an addition of more than two cars for every three people. By the

⁷ Including minor amounts from the motor vehicle license fee (in lieu tax) credited to the General Fund.

⁸ The vehicle license fee is levied at the rate of 2 percent of the market value of vehicles, determined in accordance with provisions of this law, and is in lieu of local ad valorem taxes on motor vehicles.

close of this year there will be one car or truck for every two persons residing in California.

Principal change in motor vehicle fees last year was the extension of registration requirements and the vehicle license fee to cover house trailers, whether or not they are operated on the highways.⁹ This is expected to add approximately \$800,000 to registration fee receipts during the current year and \$1,200,000 in 1956-57.

Average registration and weight fees per vehicle have remained relatively stable over the two years following the 1953 adjustment in these charges. However, average vehicle license fees have risen each year as a greater number of new vehicles enter the tax base. In 1954, the average fee was \$12.69, and in the following year this increased to \$13.22. The effect of the increasing number of higher priced vehicles is clearly evident in the advance of total vehicle license fee collections from \$85,703,000 during 1954-55 to an estimated \$100,300,000 in the current fiscal year and \$108,500,000 in the budget period. Of the latter sum, all except \$5,077,000, appropriated to pay the cost of administration and highway debt service, will be returned to city and county governments for general use.

A summary of actual and estimated motor vehicle fee revenue is given below. The amounts shown as registration and weight fees include approximately \$5,500,000, annually, in transfer charges formerly reported separately.

	(Millions of dollars)		
	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
Registration and weight fees—	\$92.5	\$100.4	\$104.6
License (in lieu) fees—	\$5.7 *	100.3 *	108.5 *
Drivers' licenses—	5.9	5.7	6.0
Caravan fees—	0.7	0.7	0.7
Other fees—	0.7	0.7	0.7
Totals—	\$185.5	\$207.8	\$220.5

* Including amounts for highway bond interest and redemption, handled through the General Fund.

Motor Vehicle Fuel Taxes—\$282,518,000

Motor vehicle fuel tax revenue arises from two levies on vehicles traveling California's highways; the 6 cent per gallon tax on gasoline and the 7 cent tax on each gallon of diesel fuel consumed. During the 1956-57 Fiscal Year the gasoline tax will produce an estimated \$265,000,000 and the use (diesel) fuel tax \$17,500,000.¹⁰

The projected \$265,000,000 to be derived from the gasoline tax compares with an estimated \$258,000,000 in the current fiscal year and \$230,432,000 in 1954-55. The increase of \$27,600,000 between 1954-55 and the present year, but only \$7,000,000 from this year to next is the result of three factors. First, approximately \$4,000,000 of revenue which normally would have been received in June, 1955, actually came in during July, thus inflating the current total and deflating the sum for 1954-55 by this amount. Adjusted

⁹ Chapter 1653, Statutes of 1955. Provisions of this act exempt certain trailers in the hands of manufacturers and dealers and those with valid registration in other states.

¹⁰ \$18,000 will be derived from the brokers' and producers' license fee imposed in connection with the gasoline tax.

for this lag in collections, the increases would be \$19,600,000 between 1954-55 and the present year and \$11,000,000 between this year and 1956-57.

Second, the tremendous volume of vehicle sales during 1955 carried registrations up sharply from 6,195,000 in December 31, 1954, to 6,732,000 at the same date last year.¹¹ This increase contributes materially to the volume of gasoline consumption in 1955-56. However, the growth in registrations estimated for the current calendar year is more modest—to a total of 7,105,000 on December 31, 1956. The reduced rate of registration growth accounts for approximately \$8,000,000 of the decline in revenue accretion between this year and next.

Third, the rising number of two-car families, more efficient motor operation, and withdrawal of older vehicles has caused a decline in average annual gasoline consumption per vehicle in recent years. This is expected to continue through 1956-57, further reducing the rate of increase in revenue from this source. Diesel fuel consumption should follow the long-term upward trend which has characterized utilization of this commodity. The \$17,500,000 estimated as revenue from this source compares with \$16,100,000 indicated for the current year and \$14,156,000 received in 1954-55.

Comparative revenue from the two motor vehicle fuel taxes is summarized below:

	(Millions of dollars)		
	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
Gasoline—	\$230.4	\$258.0	\$265.0
Diesel fuel—	14.2	16.1	17.5
Totals—	\$244.6	\$274.1	\$282.5

Motor Vehicle Transportation Tax—\$16,636,000

Firms and individuals engaged in the transportation of persons or property for hire by motor vehicles upon the state highways are subject to a tax of 3 percent on gross receipts from such operations. A close relationship exists between total business from these operations and total personal income of the people of California. With the prospect of an increase in income, gross assessments are estimated at \$19,500,000 during the current year and \$21,000,000 in the budget year. However, one-third of the weight fees paid on vehicles used in these operations may be credited against the tax liability. Moreover, three changes in this tax were made at the 1955 Legislative Session which in the aggregate have reduced revenue from this source by approximately \$500,000 per year. Exemptions were provided for gross receipts (1) derived from hauling rubbish and industrial waste, (2) derived from operations entirely within the external boundaries of cities, and (3) taxed by cities. Consequently, the net revenue from this source during 1956-57 will amount to \$16,600,000. In addition, permit fees of \$36,000 will be received. The total of these amounts may be compared with \$15,535,000 this year and \$13,921,000 in 1954-55.

¹¹ Both totals include exempt vehicles, which constitute part of the gasoline tax base but are excluded in computing registration fees.

Horse Racing Fees—\$25,750,000

An additional 42 days of racing during the current season and in 1956-57, coupled with a larger volume of personal income, will augment the volume of state revenue from horse racing this year and next. Racing has been authorized on a total of 510 days each year, compared with 468 during the 1954-55 Fiscal Year. With rising personal income, total wagering in the 1956-57 Fiscal Year has been estimated at \$453 million, compared with an estimated \$446 million in the present year and \$404.8 million in 1954-55. Revenues from the graduated tax on pari-mutuel pools and other sources, and the distribution of this income among the various funds are show below.

(Thousands of dollars)			
	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
Tax on pari-mutuel pools----	\$21,351	\$23,630	\$24,040
Breakage -----	1,284	1,450	1,485
Unclaimed tickets -----	204	215	220
Fines and penalties-----	-	5	5
Totals -----	\$22,838	\$25,300	\$25,750
General Fund-----	5,360	5,250	5,390
Fair and Exposition Fund----	16,194	17,850	18,125
State College Fund-----	1,284	1,450	1,485
Wildlife Restoration Fund---	-	750	750

Liquor License Fees—\$10,125,000

The increase of approximately one million dollars in revenue from liquor license fees reflects primarily the changes in this law made at the 1955 Session of the State Legislature. At that time the initial fees for licenses to operate liquor stores and drinking places were increased substantially, and fees which formerly had been exempt from the 10 percent surcharge were brought under this requirement. The Department of Alcoholic Beverage Control has undertaken to bring the number of licensed package goods stores into line with the increased population of certain rapidly growing areas as a means of curbing the excessive charges made in connection with private sales of liquor permits.

In total, therefore, receipts from liquor license fees during the coming fiscal year are estimated at \$10,125,000 against \$9,300,000 currently and \$9,213,000 in 1954-55. Distribution of these amounts between the General Fund and Alcoholic Beverage Control Fund is shown in the following summary.

(Thousands of dollars)			
	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
General Fund -----	\$379	\$1,075	\$1,050
Alcoholic Beverage Control Fund	8,835	8,225	9,075
Totals -----	\$9,213	\$9,300	\$10,125

Of the amounts shown for the ABC Fund, above, approximately four-fifths will be returned to cities and one-fifth to county governments for expenditure locally.

Other Special Funds—\$54,293,000

Other special fund receipts during the ensuing fiscal year are estimated at \$54,293,000, an increase of approximately \$1,100,000 over the corresponding amount for the current period. The total includes fees

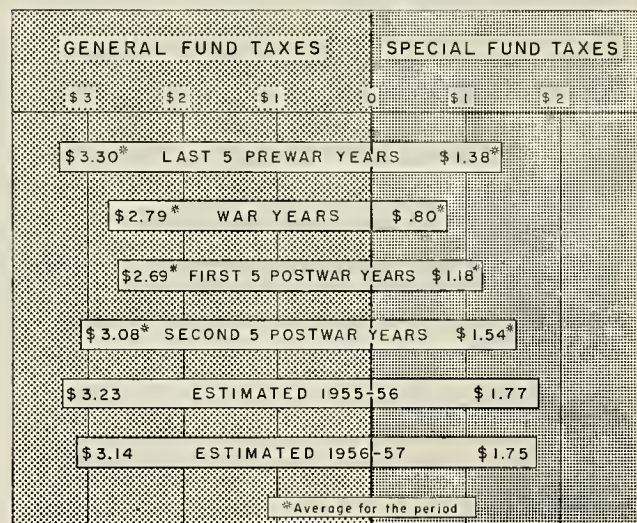
collected by regulatory agencies, receipts from sale of fishing and hunting licenses, charges for special services, oil and mineral royalties, interest on investments held by special funds, and other miscellaneous income items. Detailed information on this revenue is shown in Schedule 2 of the budget.

TAX TRENDS

The record of tax collections during 1954-55 and the current year again demonstrates the great productivity of California's revenue system during a period of prosperity. Most of the State levies are tied directly to the dollar volume of business and income, with a delay of only a few months, or a year at the most, between the taxable event and receipt of resulting revenue.

This direct relationship is clearly shown in the record of collections over the last twenty years. With only a slight increase in the burden upon aggregate income, tax receipts have multiplied more than six-fold since the present system was adopted in 1935. General Fund levies are actually lighter today in relation to total personal income than they were two decades ago. The increase has been entirely in special fund taxes, and this adjustment was made partially as a means of financing an expanded program of State and local highway and street construction, partly as a result of an increase in the motor vehicle license (in lieu tax) rate and higher vehicle values, and partly through a shift of General Fund taxes to special fund uses.

STATE TAX BURDEN
TOTAL STATE TAXES PER \$100 OF
PERSONAL INCOME



With General Fund tax revenue estimated at \$982,301,000 during 1956-57, receipts will represent \$3.14 per \$100 of the estimated personal income of the people of California during 1956. The corresponding ratio for the current fiscal year in relation to 1955 income is estimated at \$3.23, while the relative burden in 1954-55 was \$3.08 per \$100 of personal income. On this basis the heaviest burden was carried in the period just prior to World War II, when the five

year average was \$3.30 and a peak of \$3.35 was reached on two occasions. The long-term decline in this ratio is due primarily to liberalization of tax laws and to the diversion of certain former General Fund levies to special uses. For example, the personal income tax has been materially lightened, a greater share of liquor license fees have been relinquished to local governments, and the motor vehicle transportation tax revenue has been dedicated to State highway uses.

Special fund taxes in the budget year will amount to \$1.75 per \$100 of personal income, compared to \$1.77 currently and an average of \$1.38 before the war. As indicated above, this increase is due to the

combined effect of higher motor vehicle tax rates and the shifting of former General Fund revenues to specific purposes. In total, special fund levies on motor vehicles (including vehicle license fees) have increased 42 cents per \$100 of personal income over the last two decades, while the burden of other special fund taxes has changed by only a minor fraction of a cent.

A comparison of tax receipts per \$100 of personal income over the course of the last twenty years is shown in the accompanying table and chart. For convenience of presentation, generally similar fiscal periods from 1936 through 1955 have been grouped and averaged in the chart.

SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS *Excluding Departmental and Miscellaneous Revenues*

Year	Estimated Population July 1st (Thousands)	Estimated Personal Income (Millions)	Income per Capita	Fiscal Year	State Tax Collections			Taxes per Capita			Taxes per \$100 of Personal Income		
					General Fund (Thousands)	Special Funds (Thousands)	Total (Thousands)	General Fund	Special Funds	Total	General Fund	Special Funds	Total
1936-----	6,341	\$4,817	\$760	1936-37	\$155,047	\$63,723	\$218,770	\$24.10	\$9.90	\$34.00	\$3.22	\$1.32	\$4.54
1937-----	6,528	5,132	786	1937-38	172,159	68,161	240,320	26.12	10.34	36.46	3.35	1.33	4.68
1938-----	6,656	5,088	764	1938-39	166,808	69,288	236,096	24.82	10.31	35.13	3.28	1.36	4.64
1939-----	6,785	5,257	775	1939-40	174,142	76,813	250,955	25.36	11.19	36.55	3.31	1.46	4.77
1940-----	6,950	5,839	840	1940-41	195,796	84,553	280,349	27.80	12.00	39.80	3.35	1.45	4.80
1941*-----	7,049	7,145	1,014	1941-42	238,440	85,768	324,208	33.24	11.96	45.20	3.34	1.20	4.54
1942*-----	7,297	9,374	1,285	1942-43	274,575	71,906	346,481	36.94	9.67	46.61	2.93	.77	3.70
1943*-----	7,570	12,033	1,590	1943-44	301,506	72,282	373,788	38.53	9.24	47.77	2.51	.60	3.11
1944*-----	8,083	13,171	1,629	1944-45	314,237	80,238	394,475	37.84	9.66	47.50	2.39	.61	3.00
1945*-----	8,523	13,513	1,585	1945-46	353,400	113,245	466,645	37.39	11.98	49.37	2.32	.75	3.07
1946-----	9,559	16,084	1,683	1946-47	432,859	137,751	570,610	44.64	14.21	58.85	2.69	.86	3.55
1947-----	9,832	16,637	1,692	1947-48	457,297	228,708	686,005	45.97	22.99	68.96	2.75	1.37	4.12
1948-----	10,064	17,612	1,750	1948-49	485,368	249,344	734,712	47.58	24.44	72.02	2.76	1.41	4.17
1949-----	10,337	17,835	1,725	1949-50	524,428	268,177	792,605	50.07	25.61	75.68	2.94	1.50	4.44
1950-----	10,609	19,650	1,825	1950-51	647,992	295,542	943,534	59.81	27.28	87.09	3.30	1.50	4.80
1951-----	11,058	22,760	2,058	1951-52	709,245	322,699	1,031,944	62.21	28.31	90.52	3.11	1.42	4.53
1952-----	11,743	25,025	2,131	1952-53	754,048	346,480	1,100,528	63.07	28.98	92.05	3.01	1.39	4.40
1953-----	12,168	26,592	2,185	1953-54	772,250	442,538	1,214,788	62.37	35.74	98.11	2.90	1.67	4.57
1954-----	12,595	27,026	2,146	1954-55	831,899	467,814	1,299,714	64.92	36.50	101.42	3.08	1.73	4.81
1955-----	13,035	29,600	2,271	1955-56	956,696	523,313	1,480,010	72.23	39.51	111.74	3.23	1.77	5.00
1956-----	13,455	31,300	2,326	1956-57	982,301	546,755	1,529,056	71.90	40.02	111.92	3.14	1.75	4.89

* Amounts shown during period of World War II represent civilian population, estimated income of civilians, and per capita civilian income.

Population data, 1936 through 1949, are based on United States Census Bureau estimates; population, 1950 to date, estimated by the State Department of Finance.

Income of individuals, 1936 through 1954, from United States Department of Commerce estimates, *Survey of Current Business*, Sept. 1955. Reported totals for 1941 through 1945 have been adjusted to exclude income of armed forces personnel. Data for 1955 and 1956 are estimates by the State Department of Finance.

Income per capita computed from population and income data shown. Amounts differ somewhat from U. S. Department of Commerce estimates.

Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.

Schedule 2

COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57

Summary	Pago Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
MAJOR TAXES AND LICENSES										
Alcoholic beverage taxes and licenses:										
Excise tax on beer and wine-----		\$4,171,703	-----	\$4,171,703	\$4,300,000	-----	\$4,300,000	\$4,400,000	-----	\$4,400,000
Excise tax on distilled spirits-----		16,107,963	-----	16,107,963	33,000,000	-----	33,000,000	31,750,000	-----	31,750,000
Liquor license fees-----	837	378,534	\$8,834,820	9,213,360	1,075,000	\$8,225,000	9,300,000	1,050,000	\$9,075,000	10,125,000
Bank and corporation franchise and corpora- tion income taxes-----		133,661,470	-----	133,661,470	151,000,000	-----	151,000,000	151,500,000	-----	151,500,000
Gift tax-----		1,820,891	-----	1,820,891	1,800,000	-----	1,800,000	1,850,000	-----	1,850,000
Horse racing (pari-mutuel) license fees-----	841	5,360,174	17,477,954	22,838,128	5,250,000	20,050,000	25,300,000	5,390,000	20,360,000	25,750,000
Inheritance tax-----		28,429,071	-----	28,429,071	32,500,000	-----	32,500,000	35,000,000	-----	35,000,000
Insurance gross premiums tax-----		38,500,922	-----	38,500,922	39,104,201	-----	39,104,201	41,350,000	-----	41,350,000
Motor vehicle license (in lieu) fees-----	674	2,512,000	83,191,056	85,703,056	2,436,025	97,863,375	100,300,000	2,361,250	106,138,750	108,500,000
Motor vehicle fuel tax (gasoline)-----	440		230,431,580	230,431,580		258,018,000	258,018,000		265,018,000	265,018,000
Motor vehicle use fuel tax (diesel)-----	440		14,156,021	14,156,021		16,100,000	16,100,000		17,500,000	17,500,000
Motor vehicle registration and other fees-----	673		99,802,192	99,802,192		107,521,500	107,521,500		112,027,350	112,027,350
Motor vehicle transportation tax and license fees-----	439		13,920,587	13,920,587		15,535,000	15,535,000		16,636,000	10,636,000
Personal income tax-----		106,738,235	-----	106,738,235	120,900,000	-----	120,900,000	120,300,000	-----	120,300,000
Private car tax-----		1,300,061	-----	1,300,061	1,331,000	-----	1,331,000	1,350,000	-----	1,350,000
Retail sales and use taxes-----		492,917,379	-----	492,917,379	564,000,000	-----	564,000,000	580,000,000	-----	580,000,000
Totals, Major Taxes and Licenses-----		\$831,899,303	\$467,814,216	\$1,299,713,519	\$956,696,826	\$523,312,875	\$1,480,009,701	\$982,301,250	\$546,755,100	\$1,529,056,350
MISCELLANEOUS REVENUES-----										
		\$32,405,146	\$59,022,406	\$91,427,552	\$13,898,470	\$18,869,794	\$32,768,270	\$15,163,490	\$15,295,730	\$30,459,220
DEPARTMENTAL REVENUES-----										
		14,818,095	27,864,882	42,682,977	15,160,457	34,325,953	49,486,410	16,372,301	38,997,480	55,369,781
GRAND TOTALS, REVENUES-----		\$879,122,544	\$554,701,504	\$1,433,824,048	\$985,755,759	\$576,508,622	\$1,562,204,381	\$1,013,837,041	\$601,048,310	\$1,614,885,351

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
MISCELLANEOUS REVENUES										
Released impounded oil royalties-----	480	\$19,418,604	\$47,310,076	\$66,728,680						
Oil and mineral royalties-----	480	2,567,000	6,664,336	9,231,336	\$4,549,849	\$11,789,794	\$16,339,643	\$3,800,070	\$9,855,730	\$13,655,800
Federal oil and mineral royalties-----			3,694,975	3,694,975		3,700,000	3,700,000		3,700,000	3,700,000
Penalties on traffic violation fines-----		2,037,028		2,037,028	2,250,000		2,250,000	2,500,000		2,500,000
United States water power charges-----		17,877		17,877	18,000		18,000	18,000		18,000
Reverted unclaimed trusts-----		47,154		47,154	50,000		50,000	50,000		50,000
Escheated cancelled warrants-----		7,745	4,766	12,511	10,000		10,000	10,000		10,000
Interest income:										
General Fund-----		507,039		507,039	517,000		517,000	570,000		570,000
Inactive bank accounts-----		2,754,932		2,754,932	2,818,195		2,818,195	2,895,000		2,895,000
Surplus Money Investment Fund-----		1,556,240		1,556,240	1,027,000		1,027,000	958,000		958,000
Pooled Money Investment Fund-----								1,500,000		1,500,000
Revenue Deficiency Reserve Fund-----		1,038,783		1,038,783	1,608,000		1,608,000	1,683,000		1,683,000
Bond Sinking Fund of 1943-----		24,955		24,955	23,500		23,500	7,250		7,250
School Bond Retirement Fund-----		1,696,654		1,696,654	386,000		386,000	360,000		360,000
Treasury Trust accounts-----		689,717		689,717	590,335		590,335	765,000		765,000
Capital Outlay and Savings Fund-----	988		256,219	256,219		2,380,000	2,380,000		800,000	800,000
Flood Control Fund of 1946-----	1373		271,691	271,691		295,000	295,000		260,000	260,000
Postwar Unemployment and Construction Fund-----	1373								50,000	50,000
School Land Fund-----	480		225,968	225,968		80,000	80,000		455,000	455,000
Unclaimed Property Fund-----	480		442,520	442,520		450,000	450,000		175,000	175,000
Loans to Sixth District Agricultural Association-----		17,935	171,855	171,855		175,000	175,000			
Loans to agencies of local government-----		23,483		23,483	18,830		18,830	18,000		18,000
					29,170		29,170			29,170
Totals, Interest Income-----		\$8,309,738	\$1,368,255	\$9,677,991	\$7,020,627	\$3,380,000	\$10,400,627	\$8,785,420	\$1,740,000	\$10,525,420
TOTALS, MISCELLANEOUS REVENUES										
		\$32,405,146	\$59,022,406	\$91,427,552	\$13,898,476	\$18,869,794	\$32,768,270	\$15,163,490	\$15,295,730	\$30,459,220

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
DEPARTMENTAL REVENUES										
Judicial:										
Supreme Court.....	17	\$7,572	-----	\$7,572	\$7,750	-----	\$7,750	\$7,750	-----	\$7,750
District Court of Appeal, First Appellate District.....	20	3,661	-----	3,661	3,700	-----	3,700	3,700	-----	3,700
District Court of Appeal, Second Appellate District.....	21	5,478	-----	5,478	5,250	-----	5,250	5,250	-----	5,250
District Court of Appeal, Third Appellate District.....	22	1,428	-----	1,428	1,435	-----	1,435	1,475	-----	1,475
District Court of Appeal, Fourth Appellate District.....	23	2,013	-----	2,013	1,465	-----	1,465	1,700	-----	1,700
Totals, Judicial.....		\$20,152	-----	\$20,152	\$19,600	-----	\$19,600	\$19,875	-----	\$19,875
Executive:										
Office of Civil Defense.....	29	\$864	-----	\$864	\$500	-----	\$500	\$500	-----	\$500
Administrative:										
General Administration:										
Personnel Board.....	44	\$4,284	-----	\$4,284	\$5,441	-----	\$5,441	\$5,441	-----	\$5,441
Secretary of State.....	48-49	\$67,569	\$43,590	911,159	1,104,875	\$43,900	1,148,775	1,205,725	\$55,650	1,261,375
Totals, General Administration.....		\$871,853	\$43,590	\$915,443	\$1,110,316	\$43,900	\$1,154,216	\$1,211,166	\$55,650	\$1,266,816
Agriculture:										
Department of Agriculture.....	79-92	\$149,402	\$5,045,707	\$5,195,109	\$122,057	\$5,384,885	\$5,506,942	\$177,365	\$5,407,410	\$5,584,775
California Dairy Industry Advisory Board.....	94	-----	433,808	433,808	-----	415,000	415,000	-----	415,000	415,000
Poultry Improvement Commission.....	97	-----	33,020	33,020	-----	57,900	57,900	-----	74,200	74,200
Totals, Agriculture.....		\$149,402	\$5,512,535	\$5,661,937	\$122,057	\$5,857,785	\$5,979,842	\$177,365	\$5,896,610	\$6,073,975
Corrections:										
Department of Corrections:										
Departmental Administration.....	107	\$24	-----	\$24	\$25	-----	\$25	\$25	-----	\$25
Penal Institutions:										
Medical Facility.....	113	199	-----	199	150	-----	150	150	-----	150
Men's Colony.....	119	40	-----	40	40	-----	40	40	-----	40
Institution for Men, Cluno.....	132	25,741	-----	25,741	19,970	-----	19,970	20,690	-----	20,690
State Prison at Folsom.....	141	32,828	-----	32,828	33,055	-----	33,055	36,956	-----	36,956
State Prison at San Quentin.....	153	28,604	-----	28,604	42,920	-----	42,920	42,920	-----	42,920
State Prison at Soledad.....	161	650	-----	650	24,510	-----	24,510	24,510	-----	24,510
Deuel Vocational Institution.....	168	10,704	-----	10,704	11,955	-----	11,955	14,105	-----	14,105
Institution for Women.....	174	2,550	-----	2,550	2,413	-----	2,413	2,413	-----	2,413
Totals, Department of Corrections.....		\$101,340	-----	\$101,340	\$135,038	-----	\$135,038	\$141,809	-----	\$141,809

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref-er-ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57			
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	
DEPARTMENTAL REVENUES											
—Continued											
Corrections:—Continued											
Youth Authority:											
Departmental Administration.....	191	\$44,911	-----	\$44,911	\$88,600	-----	\$88,600	\$1,600	-----	\$1,500	
County Board Charges.....	421	614,054	-----	614,054	665,000	-----	665,000	686,000	-----	686,000	
Tricot Ranch School for Boys.....	211	69	-----	69	70	-----	70	70	-----	70	
Fred C. Nelles School for Boys.....	217	197	-----	197	200	-----	200	200	-----	200	
Paso Robles School for Boys.....	222	83	-----	83	100	-----	100	100	-----	100	
Preston School of Industry.....	229	3,042	-----	3,042	2,500	-----	2,500	2,500	-----	2,500	
Los Guillicos School for Girls.....	233	1,187	-----	1,187	1,186	-----	1,186	1,186	-----	1,186	
Ventura School for Girls.....	238	856	-----	856	850	-----	850	850	-----	850	
Totals, Youth Authority.....	-----	\$654,399	-----	\$664,399	\$758,506	-----	\$758,506	\$692,506	-----	\$692,506	
Totals, Corrections.....	-----	\$765,739	-----	\$765,739	\$893,544	-----	\$893,544	\$834,315	-----	\$834,315	
Education:											
Department of Education:											
General Activities.....	259	\$252,995	-----	\$252,995	\$262,150	-----	\$262,150	\$262,150	-----	\$262,150	
State Colleges and Technical Schools:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Chico State College.....	286	1,684	-----	1,684	1,169	-----	1,169	1,185	-----	1,185	
Fresno State College.....	295	1,835	\$40	1,875	61,080	-----	61,080	1,500	-----	1,500	
Humboldt State College.....	302	1,054	-----	1,054	1,000	-----	1,000	1,000	-----	1,000	
Long Beach State College.....	308	722	-----	722	700	-----	700	700	-----	700	
Los Angeles State College of Applied Arts and Sciences.....	315	53	-----	53	50	-----	50	50	-----	50	
Sacramento State College.....	321	16	-----	16	-----	-----	-----	-----	-----	-----	
San Diego State College.....	327	2,227	-----	2,227	1,200	-----	1,200	1,200	-----	1,200	
San Francisco State College.....	333	170	-----	170	150	-----	150	150	-----	150	
San Jose State College.....	340	651	-----	651	400	-----	400	400	-----	400	
California State Polytechnic College.....	351	353	-----	353	260	-----	260	3,960	-----	3,960	
California Maritime Academy.....	355	195	-----	195	100	-----	100	100	-----	100	
Special Schools for Physically Handicapped Children:											
California School for the Blind.....	359	58	-----	58	100	-----	100	100	-----	100	
California School for the Deaf, Berkeley.....	363	150	-----	150	125	-----	125	125	-----	125	
California School for the Deaf, Riverside.....	367	47	-----	47	-----	-----	-----	-----	-----	-----	
School for Cerebral Palsied Children, Northern California.....	371	46	-----	46	30	-----	30	30	-----	30	
School for Cerebral Palsied Children, Southern California.....	375	15	-----	15	-----	-----	-----	-----	-----	-----	
Orientation Centers for the Adult Blind:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Oakland Orientation Center.....	379	192	-----	192	150	-----	150	150	-----	150	
California Industries for the Blind:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Los Angeles Center.....	381	101	-----	101	-----	-----	-----	-----	-----	-----	
Oakland Center.....	384	217	-----	217	20	-----	20	20	-----	20	
Totals, Department of Education.....	-----	\$262,791	\$40	\$262,831	\$328,684	-----	\$328,684	\$272,820	-----	\$272,820	

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
DEPARTMENTAL REVENUES —Continued										
Employment:										
Department of Employment.....	1128		\$859,447	\$859,447		\$804,127	\$804,127		\$874,923	\$874,923
Fiscal Affairs:										
State Controller.....	421	\$1,118	257,164	258,282		237,000	238,000	\$1,000	207,000	208,000
Board of Equalization.....	439	9,237	240,621	249,858		182,200	192,200	5,000	197,700	202,700
Department of Finance:										
General Activities.....	461	1,034,362		1,034,362		390,062	390,062	382,008		382,008
Fairs and Expositions, Division of:										
State Fair and Exposition.....	471		1,289,822	1,289,822		1,238,520	1,238,520		1,393,750	1,393,750
Sixth District Agricultural Association.....	474		45,360	45,360		48,540	48,540		57,200	57,200
State Lands Division.....	480		28,831	28,831		29,700	29,700		29,200	29,200
Franchise Tax Board.....	488	12,671		12,671		1,000	1,000	1,000		1,000
State Treasurer.....	490	2,225		2,225		5,500	5,500	5,500		5,500
Totals, Fiscal Affairs.....		\$1,590,613	\$1,861,798	\$2,921,411	\$407,562	\$1,735,960	\$2,143,522	\$394,508	\$1,884,850	\$2,279,358
Industrial Relations:										
Department of Industrial Relations.....	509	\$242,879		\$242,879	\$254,368		\$254,368	\$254,865		\$254,865
Office of Fire Marshal.....	512	12,744		12,744	33,650		33,650	33,650		33,650
Totals, Industrial Relations.....		\$255,623		\$255,623	\$288,018		\$288,018	\$288,515		\$288,515
Justice:										
Department of Justice.....	523	\$27,977		\$27,977	\$11,100		\$11,100	\$17,325		\$17,325
Mental Hygiene:										
Department of Mental Hygiene:										
Departmental Administration.....	539	\$53,147		\$53,147	\$53,100		\$53,100	\$53,100		\$53,100
Pay Patients Board.....	539	6,243,790		6,243,790	6,480,000		6,480,000	7,230,000		7,230,000
County Board Charges.....	421	2,030,854		2,030,854	2,250,000		2,250,000	2,500,000		2,500,000
Mental Hospitals:										
Outpatient Mental Hygiene Clinics.....	545	38,156		38,156	41,000		41,000	46,000		46,000
Langley Porter Clinic.....	550	138,656		138,656	138,000		138,000	138,000		138,000
Neuropsychiatric Institute at University of California, Los Angeles.....	552									
Agnews State Hospital.....	559	6,147		6,147	1,000		1,000	1,500		1,500
Atascadero State Hospital.....	565	4,770		4,770	6,200		6,200	6,200		6,200
Camarillo State Hospital.....	573	19,977		19,977	4,500		4,500	4,500		4,500
DeWitt State Hospital.....	579	7,406		7,406	20,000		20,000	20,000		20,000
Mendocino State Hospital.....	587	2,743		2,743	7,400		7,400	7,400		7,400
Metropolitan State Hospital.....	594	3,724		3,724	2,800		2,800	2,800		2,800
Modesto State Hospital.....	600	11,001		11,001	4,000		4,000	4,000		4,000
Napa State Hospital.....	608	15,645		15,645	10,000		10,000	10,000		10,000
Patton State Hospital.....	615	5,444		5,444	17,000		17,000	17,000		17,000
Stockton State Hospital.....	622	2,766		2,766	5,500		5,500	5,500		5,500
					3,000		3,000	3,000		3,000

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
DEPARTMENTAL REVENUES —Continued										
Mental Hygiene:—Continued										
Institutions for Mental Defectives:										
Pacific State Hospital.....	634	7,951		7,951	8,000		8,000	8,000		8,000
Porterville State Hospital.....	640	3,961		3,961	4,500		4,500	4,500		4,500
Sonoma State Hospital.....	648	7,069		7,069	7,000		7,000	7,000		7,000
Totals, Mental Hygiene.....		\$8,603,207		\$8,603,207	\$9,063,000		\$9,063,000	\$10,068,500		\$10,068,500
Military Affairs:										
Military Department:										
Adjutant General and National Guard Reserve.....	659	\$21,507		\$21,507	\$21,500		\$21,500	\$21,500		\$21,500
Motor Vehicles:										
Department of Motor Vehicles.....	673-4		\$492,324	\$492,324		\$393,645	\$393,645		\$433,500	\$433,500
Natural Resources:										
Fish and Game:										
Department of Fish and Game.....	710		\$7,030,445	\$7,030,445		\$7,386,650	\$7,386,650		\$7,594,130	\$7,594,130
Wildlife Conservation Board.....	1223		76,480	76,480		44,500	44,500		22,500	22,500
Department of Natural Resources:										
Departmental Administration.....	717	\$88		88		613,000	613,000		618,000	618,000
Division of Beaches and Parks.....	726		649,413	649,413						
Division of Forestry.....	742	250,345		250,345	\$290,280		290,280	\$310,280		310,280
Division of Mines.....	745	46,907		46,907	53,387		53,387	40,387		40,387
Division of Oil and Gas.....	747		674,157	674,157		561,194	561,194		613,982	613,982
Totals, Natural Resources.....		\$297,340	\$8,430,495	\$8,727,835	\$343,667	\$8,605,344	\$8,949,011	\$350,667	\$8,848,612	\$9,199,279
Public Health:										
Department of Public Health.....	776	\$378,559		\$378,559	\$380,912		\$380,912	\$385,912		\$385,912
Water Pollution Control Board.....	780	455		455	395		395	395		395
Totals, Public Health.....		\$379,014		\$379,014	\$381,307		\$381,307	\$386,307		\$386,307
Public Works:										
Department of Public Works:										
Division of Architecture.....	786		\$1,019,310	\$1,019,310		\$1,000,800	\$1,000,800		\$1,000,800	\$1,000,800
Division of Highways.....	1290		1,629,218	1,629,218		7,434,500	7,434,500		10,986,600	10,986,600
Division of Water Resources.....	815	\$49,564		49,564	\$61,035		61,035	\$46,535		46,535
Aeronautics Commission.....	817	2		2						
Reclamation Board.....	824	226,632		226,632	225,500		225,500	225,500		225,500
Totals, Public Works.....		\$276,198	\$2,648,528	\$2,924,726	\$286,535	\$8,435,300	\$8,721,835	\$272,035	\$11,987,400	\$12,259,435

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
DEPARTMENTAL REVENUES —Continued										
Regulation and Licensing:										
Department of Alcoholic Beverage Control	837							\$7,000		\$7,000
Districts Securities Commission	839	\$515		\$515	\$25		\$25	25		25
Horse Racing Board	841		\$241,988	241,988		\$237,450	237,450		\$251,000	251,000
Department of Investment:										
Banking Department	843		\$401,276	\$401,276		\$448,200	\$448,200		\$509,200	\$509,200
Division of Corporations	845	\$1,322,194		1,322,194	\$1,512,475		1,512,475	\$1,740,600		1,740,600
Department of Insurance	852	250,363	1,415,326	1,665,689	119,420	1,543,080	1,662,500	58,004	1,552,496	1,610,500
Division of Real Estate	855		\$74,564	\$74,564		949,480	949,480		1,049,379	1,049,379
Division of Savings and Loan	857		309,388	309,388		302,812	302,812		330,913	330,913
Totals, Department of Investment		\$1,572,557	\$3,000,554	\$4,573,111	\$1,631,895	\$3,243,572	\$4,875,467	\$1,798,604	\$3,441,988	\$5,240,592
Board of Osteopathic Examiners	859		\$49,992	\$49,992			\$49,725		\$49,850	\$49,850
Board of Pilot Commissioners for Harbor of San Diego	860				\$3,000		\$3,000	\$3,100		\$3,100
Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun	862	\$26,165	11,420	37,585	24,547	13,453	38,000	24,574	13,426	38,000
Department of Professional and Vocational Standards:										
Division of Administrative Procedure	870	\$4,790		\$4,790	\$5,000		\$5,000	\$5,000		\$5,000
Board of Accountancy	872		\$166,684	166,684		\$168,510	168,510		\$164,775	164,775
Board of Architectural Examiners	874		51,543	51,543		60,950	60,950		72,745	72,745
Athletic Commission	876		163,702	163,702		138,682	138,682		156,500	156,500
Board of Barber Examiners	878		122,718	122,718		124,935	124,935		130,640	130,640
Cemetery Board	880		26,076	26,076		31,764	31,764		34,250	34,250
Board of Chiropractic Examiners	882		57,583	57,583		60,310	60,310		62,860	62,860
Board of Registration for Civil and Professional Engineers	884		180,316	180,316		212,012	212,012		233,562	233,562
Contractors License Board	887		634,571	634,571		649,620	649,620		682,130	682,130
Board of Cosmetology	889		186,864	186,864		202,805	202,805		224,090	224,090
Board of Dental Examiners	891		68,898	68,898		69,909	69,909		96,977	96,977
Board of Dry Cleaners	893	60,000	147,161	207,161	60,000	202,686	262,686	60,000	195,500	255,500
Board of Funeral Directors and Embalmers	895		42,035	42,035		44,430	44,430		47,760	47,760
Bureau of Furniture and Bedding Inspection	898		170,424	170,424		174,750	174,750		174,000	174,000
Board of Guide Dogs for the Blind	899	80		80	100		100	100		100
Board of Landscape Architects	901		26,716	26,716		23,435	23,435		19,675	19,675
Board of Medical Examiners	905		303,981	303,981		280,865	280,865		288,925	288,925
Board of Nurse Examiners	907		184,506	184,506		90,023	90,023		136,560	136,560
Board of Optometry	909		36,852	36,852		36,700	36,700		41,400	41,400
Board of Pharmacy	911		181,195	181,195		182,820	182,820		244,500	244,500

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57—Continued

Source	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
DEPARTMENTAL REVENUES —Continued										
Regulation and Licensing—Continued										
Department of Professional and Vocational Standards—Continued										
Bureau of Private Investigators and Adjusters.....	913		35,020	35,020		36,860	36,860		35,840	35,840
Certified Shorthand Reporters Board.....	915		15,529	15,529		16,125	16,125		17,735	17,735
Board of Social Work Examiners.....	917		19,978	19,978		20,800	20,800		16,600	16,600
Structural Pest Control Board.....	919		45,130	45,130		64,407	64,407		68,900	68,900
Board of Examiners in Veterinary Medicine.....	921		16,412	16,412		17,905	17,905		15,940	15,940
Board of Vocational Nurse Examiners.....	923		44,875	44,875		51,900	51,900		48,900	48,900
Yacht and Ship Brokers Commission.....	925		14,702	14,702		16,577	16,577		17,907	17,907
Totals, Department of Professional and Vocational Standards.....		\$64,870	\$2,943,471	\$3,008,341	\$65,100	\$2,979,780	\$3,044,880	\$65,100	\$3,228,671	\$3,293,771
Public Utilities Commission.....	935	\$126,711	\$1,768,540	\$1,895,251	\$122,300	\$1,925,912	\$2,048,212	\$122,300	\$2,031,000	\$2,153,300
Totals, Regulation and Licensing.....		\$1,790,818	\$8,015,965	\$9,806,783	\$1,846,867	\$8,449,892	\$10,296,759	\$2,020,703	\$9,015,935	\$11,036,638
Social Welfare:										
Department of Social Welfare.....	946	\$15,483		\$15,483	\$17,510		\$17,510	\$17,510		\$17,510
Recreation Commission.....	948	124		124	65		65	65		65
Totals, Social Welfare.....		\$15,607		\$15,607	\$17,575		\$17,575	\$17,575		\$17,575
Veterans Affairs:										
Department of Veterans Affairs:										
Departmental Administration.....	955		\$160	\$160						
Veterans Home.....	963	\$8,305		8,305	\$6,625		\$6,625	\$6,625		\$6,625
Woman's Relief Corps Home.....	964	12,085		12,085	12,000		12,000	12,000		12,000
Totals, Veterans Affairs.....		\$20,390	\$160	\$20,550	\$18,625		\$18,625	\$18,625		\$18,625
TOTALS, DEPARTMENTAL REVENUES.....		\$14,818,095	\$27,864,882	\$42,682,977	\$15,160,457	\$34,325,953	\$49,486,410	\$16,372,301	\$38,997,480	\$55,369,781

COMPARATIVE STATE EXPENDITURES

1954-55, 1955-56, 1956-57

MILLIONS
OF DOLLARS
— 700
— 600
— 500
— 400
— 300
— 200
— 100
— 0

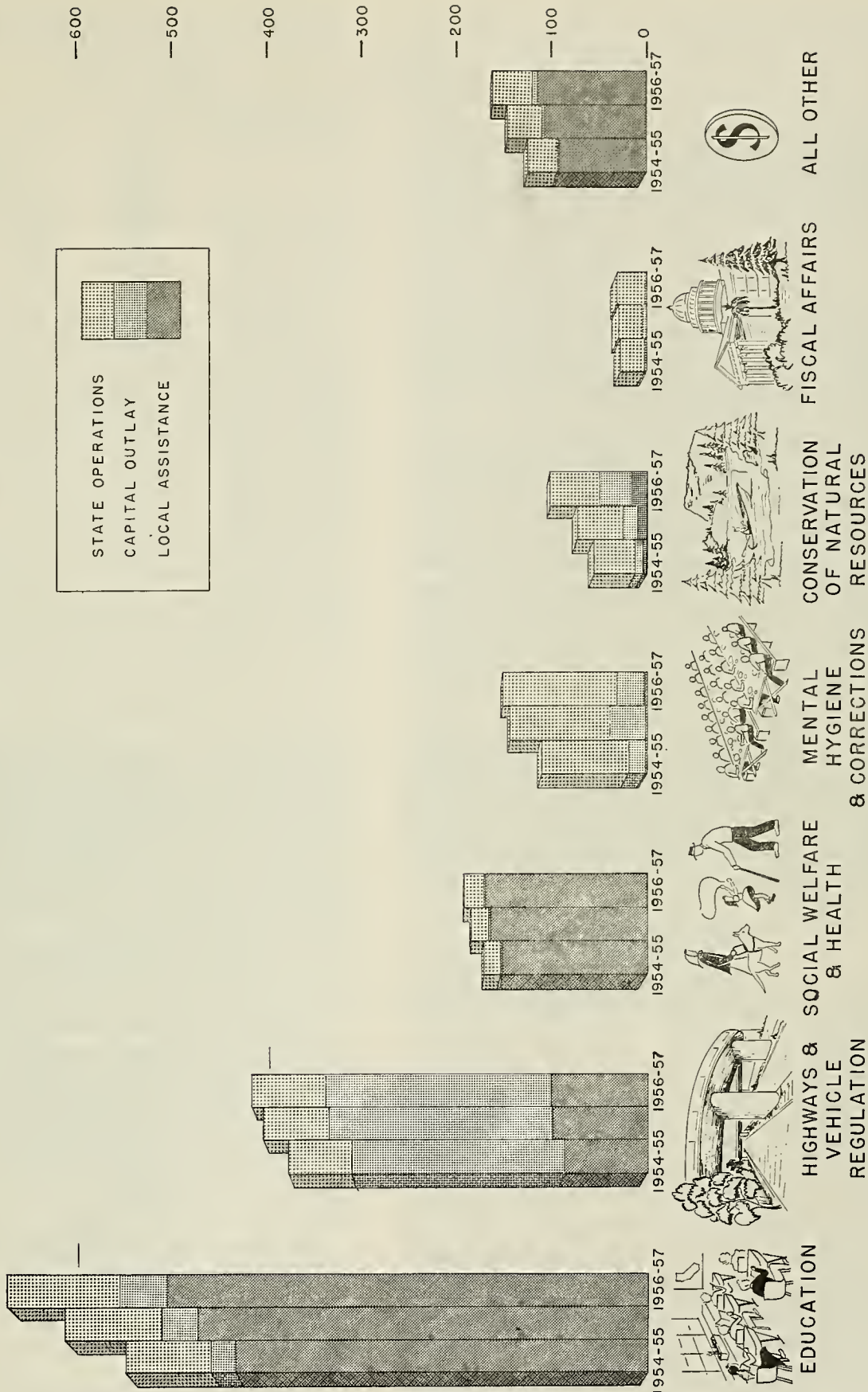


CHART 4

Expenditure Requirements, 1956-57

Continued rapid growth inevitably must be reflected in the State's expenditure program. It affects the constitutional appropriation for support of public schools. It determines both the current needs and future building requirements of higher educational institutions. Growth-crowded thoroughfares must have priority in the State's highway construction program and in the regulation of motor vehicles. Hospitals and correctional institutions not only must meet the pressure of today's population but also must prepare for the patients who will come next year and the next. Vitality influencing some activities and moderately affecting others, growth has carried the 1956-57 Budget to a record expenditure level.

State expenditures during the next fiscal year will total \$1,736,112,983 under the program presented in this document—an increase of \$129,949,012 over the corresponding sum for the current year. Thirty-nine cents of each budget dollar will be spent for some activity in the broad field of education—public school support, special schools, colleges, the University, teachers' retirement, and other purposes. This single function accounts for 47.7 cents of each dollar of increase over expenditures during the current year. Highways, streets, and motor vehicle regulation consume 24.1 cents of each expenditure dollar, but only 9.3 cents per dollar of increase.

Third in order of size are the expenditures for social welfare, public health, and related activities—11.1 cents out of each dollar. These are followed by mental hygiene and corrections—8.7 cents; conservation and development of natural resources—5.8 cents; fiscal affairs—1.9 cents; and all other expenditures—9.4 cents. A summary of State expenditures during the three fiscal years covered by this budget is given in the table below:

	Actual 1954-55	Estimated 1955-56	Estimated 1956-57	% of Total 1956-57	Increase over 1955-56		
					Amount	%	% of Total
Education	\$551.3	\$614.9	\$676.9	39.0	\$62.0	10.1	47.7
Highways & vehicle regulation	379.6	406.8	418.8	24.1	12.0	2.9	9.3
Welfare, health, & related activities ..	173.0	186.7	192.8	11.1	6.2	3.3	4.8
Mental hygiene & corrections	110.8	144.5	150.7	8.7	6.2	4.3	4.8
Conservation & devel- opment of natural resources	56.1	73.9	101.6	5.8	27.7	27.5	21.3
Fiscal affairs	27.7	32.4	32.7	1.9	0.3	1.1	0.2
Other expenditures ..	124.3	147.0	162.6	9.4	15.5	10.6	11.9
Totals	\$1,422.5	\$1,606.2	\$1,736.1	100.0	\$129.9	8.1	100.0

Only a little more than one-fourth of the total will be used by the State to sustain current activities—maintenance of its various departments and agencies, operation of the courts, and support of the Legislature. Approximately one-fifth will be spent for permanent improvements, chiefly in the construction of new highways. More than half will go to local governments as assistance in the many programs now given important financial support through the State Budget.

Summarized in this way, the 1956-57 expenditure plan shows:

	Total expenditures (million)	Percent of total	Increase over 1955-56	
			Amount (million)	Percent
State operations -	\$464.3	26.8	\$51.8	12.5
Capital outlay ---	357.9	20.6	22.0	6.6
Local assistance -	913.8	52.6	56.1	6.5
Total	\$1,736.1	100.0	\$129.9	8.1

Principal item of increase in state operations is the 5 percent salary adjustment recommended for State employees. This single factor accounts for \$18,557,000* of the \$51.8 million increment shown in the table above. Provision for this adjustment grows out of the State Personnel Board finding that current salary levels are approximately 5 percent below the scales paid in private industry and in other governmental agencies for work of comparable skill and responsibility. Excluding this adjustment, the increase in State operating expense is 8.0 percent. *In this connection it should be noted that in the 1956-57 expenditure data presented in this statement, the appropriation for salary increase has been distributed to the various agencies. In all other budget schedules the salary increase fund is shown separately as a lump sum. The deviation is made at this one point in order to show as accurately as possible the total amount to be spent for each function of government.*

Leading element in the capital outlay section is the \$237,162,000 to be spent on highway construction. Provision is made to continue the orderly plan for meeting the building requirements of educational institutions, hospitals, correctional facilities, and other centers of State government. In total, \$89,878,000 will be expended on this coordinated building program next year, carrying State government one step closer to filling its long-term needs. Beach and park development will require expenditures of \$13,891,000, a sum far above the totals of earlier years. Funds dedicated to this purpose, impounded during the controversy over ownership of the tidelands oil, were released by the decision that this resource belonged to the State.

As in other years, the principal part of the State's expenditures for assistance to local governments represents public school support. This commitment will require payments totalling \$461,232,000, or more than half the aggregate amount budgeted for distribution to local agencies and \$31,505,000 above the same expenditure items in the present fiscal year.

Fixed and Controllable Costs

Less than 34 percent of the total was subject to the discretion of the Governor in compiling this budget and will be subject to review by the Legislature in considering the Budget Bill. The remainder is fixed by provisions of existing law, part of which may be changed only by direct vote of the people and part

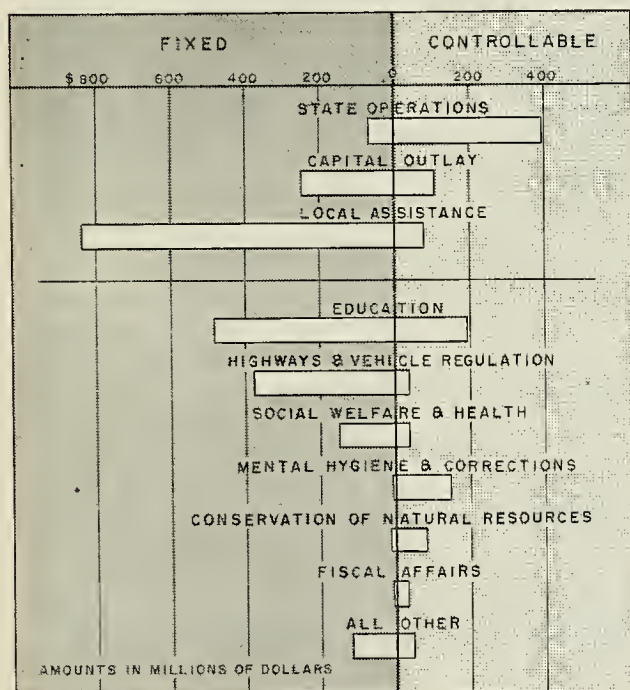
* For convenience this and following amounts have been rounded to the nearest thousand dollars; percentage changes have been computed from whole numbers.

by amendments to the various statutes. A statement of fixed and controllable expenditures in 1956-57 is given in budget schedule 9, with the principal amounts abstracted in the following summary:

(Millions of dollars)			
	Fixed expenditures	Change from 1955-56	
		Amount	Percent
Fixed:			
Public schools -----	\$461.5	\$31.5	7.3
State highways -----	269.4	1.1	0.4
Revenue for local governments -----	211.1	12.3	6.2
Social welfare -----	150.2	3.6	2.4
State employees' retirement -----	25.5	2.0	8.7
Debt service -----	12.2	-0.5	-4.4
Local fairs -----	8.7	-3.3	-27.7
All other -----	11.3	-1.4	-11.2
Total fixed -----	\$1,149.9	\$45.2	4.1
Controllable:			
State operations			
Education -----	\$118.8	\$18.0	17.8
Mental hygiene -----	83.2	10.9	15.1
Natural resources * -----	47.5	4.1	9.5
Motor vehicle regulation -----	41.6	5.0	13.6
Corrections -----	36.8	3.1	9.3
All other -----	70.3	8.4	13.6
Total -----	\$398.3	\$49.5	14.2
Capital outlay -----	112.8	23.6	26.4
Local assistance -----	75.1	11.6	18.3
Total controllable -----	\$586.2	\$85.7	17.1

* Includes the following: agriculture, fish and game, beaches and parks, forestry, mining and oil, water resource development, fairs and expositions, and other minor items.

FIXED AND CONTROLLABLE EXPENDITURES
BY MAJOR PURPOSE AND FUNCTION
1956-57 Fiscal Year



The degree of control varies widely among the different "controllable" items. A few are completely discretionary. Many, such as the support of educational institutions, operation of mental hospitals, and maintenance of correctional facilities, are controllable

only regarding the level of care and service given: the number of people to be served is fixed by circumstances beyond control of the Governor and the Legislature. In some instances the term is a complete misnomer. For example, there is no control over the number of retired teachers or the retirement benefits established by their program, yet this is a "controllable" item of local assistance. Hence, the significance of this term is only relative, indicating primarily that the appropriation must be reviewed annually by the budget making agency, the Governor, and both houses of the State Legislature.

Education—\$676,889,000

The support of all phases of public education continues to require the largest expenditure of any activity of the State of California. Grade school enrollments remain high, while attendance in secondary schools and institutions of higher education is beginning to reflect the progression of the greater number of children through the educational system.

Support of public schools, as required by Article IX of the Constitution and supplementary legislation, is estimated to total \$461,232,000 in 1956-57. The mandatory requirement of \$180 for each of the 2,555,000 students in average daily attendance during the current year totals \$459,900,000, an increase of 7.3 percent over 1955-56. Automobile driver training in high schools, paid for by a surcharge on fines for moving violations, is estimated to cost \$1,369,000. Miscellaneous adjustments reduce the grand total to \$461,232,000.

In addition to direct support, other expenditures related to the public school system include contributions for teachers' retirement at an estimated cost of \$26,764,000; interest and redemption charges on school building bonds, \$9,013,000; and encouragement of vocational education, \$313,000. The publication of free textbooks is budgeted at \$6,107,000, an increase of \$377,000, reflecting the continued growth in enrollments and the adoption of a new series in geography and history. Support of child care centers, which was extended by the 1955 Legislature, is budgeted at \$4,604,000, compared to an estimated requirement of \$4,392,000 in the current fiscal year.

In total, the expenditures for the support of the local public school system are budgeted at \$508,034,000, an increase of \$32,832,000 over the corresponding figure for 1955-56.

The State operation of educational facilities for physically handicapped children will be sustained at the level established for the present year. These include schools for deaf students in Berkeley and Riverside, a school for the blind in Berkeley, and schools in San Francisco and Altadena for children afflicted with cerebral palsy. Aggregate enrollment in these institutions during 1956-57 will average 1,002, and expenditures for maintenance and operation are budgeted at \$3,586,000.

Operations of facilities for training of the adult blind are also projected at approximately the 1955-56 level. Recommended expenditures for support of the four centers amount to \$614,000. Under this program, approximately 700 persons who would otherwise be supported entirely from public funds will become self-supporting or able to provide a substantial portion of their livelihood.

In addition to these residential and employment facilities for physically handicapped, the Bureau of Vocational Rehabilitation will provide assistance to approximately 10,000 needy persons requiring vocational training because of accidental injuries or other physical limitations. Of this number, roughly 4,000 will complete the rehabilitation plan during the year and become wholly or partially self-supporting. The cost of this work is projected at \$3,841,000 or \$539,000 above the total for the current year. Bulk of the increase represents allotments for the examination, treatment, and training of clients. Of the total cost, \$1,644,000 will be paid from the State General Fund and \$2,197,000 by the Federal Government.

Enrollments in the 11 State colleges for 1956-57 are projected at 48,720 full-time students—an increase of 7,464, or 18 percent, over the current year. To furnish the everyday operation of these facilities will require \$34,082,000, an increase of \$6,924,000 over 1955-56.

In order to meet the estimated enrollments in the fall of 1958, it will be necessary to schedule immediately the construction of new facilities costing \$33,417,000. All campuses will participate in the planned improvements, which include classrooms, libraries, noninstructional installations, equipment for buildings now being constructed, and minor repairs needed to place present plants in better operating condition.

The State appropriation recommended for support of the eight campuses of the University, \$74,578,000, represents an increase of 15.2 percent over the current year. This total reflects, in part, an expected increase of 2,913 in regular enrollment, bringing the total to 40,559 students next year (up 7.7 percent) and, in part, a decrease in the amount of University and State funds appropriated in prior years that will be available in 1956-57. Emphasis is placed upon meeting the needs of this larger total enrollment, rather than the inauguration of new or expanded curricula.

The capital outlay program of the University totals \$16,077,000, of which \$12,014,000 is for nonagricultural projects on all campuses and the balance, \$4,063,000, for agricultural projects financed from the continuing appropriations from the Fair and Exposition Fund. This is the second step in a long-term project

designed to provide the facilities necessary to meet the inevitable growth in enrollment during the coming years.

Total expenditures from all sources, including endowments and other University funds, is \$117,565,000, an increase of \$12,903,000 over the sum provided in the present year. Of this amount, \$90,655,000 will be furnished from State revenue—an advance of \$13,229,000 from the current year's appropriation for this purpose.

The State Scholarship Commission was created by Chapter 1846, Statutes of 1955, with an appropriation of \$16,000 for administration in the current year and \$300,000 for scholarships which will not be paid until 1956-57. An additional appropriation of \$46,000 is requested in the Budget Bill to cover operating expenses during the 1956-57 Fiscal Year. The objective of this legislation is that of aiding, within the limits established by this act, qualified and deserving students to pursue their studies at either private or public educational institutions.

Highways, Streets, and Motor Vehicle Regulation—\$418,840,000

The anticipated expenditures for motor vehicle regulation, traffic control and highway construction and maintenance during 1956-57 will amount to \$418,840,000. A total of \$78,474,000 will be expended for support of the Highway Patrol, Department of Motor Vehicles, and State Division of Highways; \$237,162,000 will be used for construction of State highways and \$1,150,000 for facilities to be used by the Highway Patrol and Department of Motor Vehicles. The sum for \$102,054,000 will be distributed to cities and counties as their share of receipts from the gasoline tax, registration fees, and as a grant-in-aid. Expenditures for each of the major items will increase during 1956-57 in comparison with the funds being spent during the current year. Comparative payments for all purposes during the three years covered by this budget are shown in the accompanying table.

Expenditures for Education (Thousands of dollars)					
	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56	
				Amount	Pct.
State Operations:					
Department of Education	\$4,712	\$5,231	\$5,765	\$534	10.2
State colleges	21,857	27,158	34,082	6,924	25.5
Special schools; blind centers	3,319	3,882	4,200	318	8.2
University of California	59,935	64,728	74,578	9,850	15.2
Other	247	264	603	340	128.9
Totals, State Operations	\$90,070	\$101,262	\$119,229	\$17,966	17.7
Capital Outlay:					
State colleges	\$14,857	\$23,836	\$33,417	\$9,581	40.2
Special schools	1,431	1,863	132	-1,731	-92.9
University of California	9,060	12,698	16,077	3,379	26.6
Other	153	3	---	-3	-100.0
Totals, Capital Outlay	\$25,502	\$38,400	\$49,626	\$11,226	29.2
Local Assistance:					
School support	\$398,231	\$429,727	\$461,232	\$31,505	7.3
Teachers' retirement	22,920	25,555	26,764	1,179	4.6
Child care centers	3,865	4,392	4,604	212	4.8
Free textbooks	2,446	5,730	6,107	377	6.6
Debt service	8,102	9,449	9,013	-436	-4.6
Vocational education	373	319	313	-6	-1.9
School buildings	-241	---	---	---	---
Totals, Local Assistance	\$435,696	\$475,203	\$508,034	\$32,832	6.9
Grand Totals	\$551,267	\$614,865	\$676,889	\$62,024	10.1

Expenditures for Highways, Streets, and Motor Vehicle Regulation (Thousands of dollars)					
	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56	
				Amount	Pct.
State Operations:					
Highway Patrol	\$16,836	\$18,821	\$21,598	\$2,776	14.8
Dept. of Motor Vehicles	16,490	17,848	20,055	2,207	12.4
Highway maintenance, etc.	32,561	33,744	36,821	3,077	9.1
Totals, State Operations	\$65,888	\$70,413	\$78,474	\$8,061	11.4
Capital Outlay:					
State highways	\$224,953	\$235,653	\$237,162	\$1,509	0.6
Other	265	645	1,150	505	78.3
Totals, Capital Outlay	\$225,218	\$236,298	\$238,312	\$2,014	0.8
Local Assistance:					
For County Roads:					
Fuel tax	\$53,530	\$58,149	\$59,773	\$1,623	2.8
Registration fees	9,274	9,585	10,455	869	9.1
State grant-in-aid	2,687	4,781	3,707	-1,074	-22.5
Totals, County Roads	\$65,491	\$72,516	\$73,934	\$1,418	2.0
For City Streets:					
Fuel tax	\$22,853	\$27,344	\$28,119	\$776	2.8
Grade crossing protection	192	283	---	-283	-100.0
Totals, Local Assistance	\$88,536	\$100,142	\$102,054	\$1,911	1.9
Grand Totals	\$379,642	\$406,854	\$418,840	\$11,986	2.9

The 1956-57 Budget proposes to add 270 positions in the uniformed strength of the Highway Patrol—24 traffic sergeants and 246 traffic officers, in order to maintain the same level of service that has been authorized in past years and to achieve more adequate policing of the highways. The cost of this increase in personnel will be approximately \$1,130,000 for the coming year. More than 2,300 persons were killed on the rural highways of California last year and 51,000 were injured. Reportable accidents outside incorporated areas increased 8.5 percent, injury accidents were 8.6 percent greater, and fatalities were 7.8 percent above the same totals for 1954. Comparing these figures with the percentage of increase in motor vehicle registrations for last year (8.7 percent), it would appear that there has been too little progress made in the campaign to curb highway accidents and traffic deaths.

The registration of more than 7,400,000 motor vehicles is anticipated during the year 1957 and it is believed the State will have 6,922,000 licensed drivers. Provision has been made for the continuation of the present level of service to the public by the Department of Motor Vehicles with no basic change or expansion of program.

Welfare, Health, and Related Activities— \$192,829,000

Subventions for social welfare purposes, most of which are made through the county governments, are estimated at \$152,753,000 for 1956-57. The largest of the welfare items both from the viewpoint of the number of persons involved and the cost continues to be old age security. There has been little increase in the number of aged aid recipients in recent years, due to the growing effectiveness of the old age and survivors insurance program which now covers approximately 46 percent of persons 65 years of age and over. Amendments to the old age security law enacted by the 1955 Legislature increased the maximum monthly grant from \$80 to \$85, made certain noncitizens eligible, and broadened the program to include patients in public medical institutions. The State's share of this grant to an average of 2,050 more people will result in total expenditures of \$108,408,000, or \$3,493,000 greater than during the current year.

Payments for aid to needy children will aggregate \$35,016,000 and assistance to the blind will amount to \$6,784,000. Amendments to the blind programs enacted in 1955 increased the maximum monthly grant from \$90 to \$95. At that time, blind aid was also broadened to include patients in public medical institutions. Expenditures for both children's and blind aid will be only slightly greater in the coming year than during the present fiscal period—an increase of \$136,000 in the former and \$315,000 in the latter. The cost of inspecting boarding homes for children and aged and the support of the adoption program will amount to \$2,544,000.

The estimated average number of persons to be granted assistance, average monthly payments, and

the State's share of these monthly amounts for the 1956-57 Fiscal Year follow:

	<i>Average number of recipients</i>	<i>Average monthly payments</i>	<i>State's share of aid</i>
Old age security -----	273,500	\$71.65	\$33.03
Aid to needy children			
Family groups * -----	185,800	36.97	13.45
Foster homes -----	9,780	67.45	42.75
Aid to the blind -----	12,900	89.36	41.38
Aid to partially self- supporting blind -----	400	94.50	78.79

* Including needy parent.

It is estimated that the cost to the Department of Social Welfare for administering the subvention program, support of the Recreation Commission, and other expenses in this field will be \$2,659,000.

The subvention program for public health totals \$17,425,000, an increase of \$628,000 over the sum provided in the present year. The increase occurs principally in the program of hospital construction due to a change in policy which allows the State to match all federal money available to California, including grants for nonprofit organizations. The State appropriation of \$4,545,000 for this purpose constitutes an increase of \$426,000 over the current year and \$3,341,000 more than was spent in 1954-55. Assistance to crippled children, and increased payments to local health departments are the other major items of increase. These are partially offset by a reduction of \$250,000 in subventions for tuberculosis control, made possible by a drop in the incidence of this disease and better treatment techniques.

State expenditures for support of the Department of Public Health will increase by \$454,000 to a total of \$5,727,000 as a result of the proposed salary adjustment and a decline in the federal share of the over-all program. Federal grants—including those for the polio vaccine surveillance program, prosthetics for child amputees, and the current morbidity study—will be \$409,000 below the totals allotted for this year. Air pollution investigations, undertaken as part of a continuing effort to solve the smog problem, account for the major program increase in the support budget.

Recommended expenditures for the Department of Industrial Relations are based on the fundamental responsibilities of the department to administer the State's labor laws and to promote the welfare of wage earners in California. The amounts reflect work load increases in the fields of industrial welfare, apprenticeship standards, labor law enforcement, industrial safety, and housing. A review of wages, hours, and working conditions for women and minors in industry is proposed at a cost of \$39,000. Twelve orders, which have the same force and effect as law, will be fully reviewed in the light of changing economic conditions and wage scales. Budgeted expenditures for activities in the field of industrial relations amount to \$7,438,000, or \$712,000 more than in the present fiscal period.

The proposed expenditures of State funds for operation of the Department of Veterans Affairs during 1956-57 amount to \$6,567,000, an advance of \$738,000 over the current year's total. The increase is due primarily to the occupancy of new facilities at the Veterans' Home, which will make possible a growth of 165 in the home's 1,853 current average membership.

The cost of educational assistance to veterans and veterans' dependents, which constitutes the largest item in the foregoing totals, will increase \$213,000 over the current year to a total of \$3,269,000.

Proposed capital outlay projects for the Veterans' Home are at the lowest point of the past several years, with a total of \$105,000 for additions and alterations to existing structures and equipping new facilities.

Assistance to counties maintaining veterans service offices will require payments of \$350,000, unchanged from the current year.

Expenditures for Welfare, Health, and Related Activities (Thousands of dollars)

	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56	
				Amount	Pct.
State Operations:					
Industrial Relations ----	\$6,016	\$6,726	\$7,438	\$712	10.6
Public Health ----	4,616	5,274	5,727	454	8.6
Social Welfare ----	2,243	2,467	2,659	192	7.8
Veterans' Affairs ----	5,281	5,830	6,567	738	12.7
Other ----	35	40	40	--	1.0
Totals, State Operations ----	\$18,192	\$20,336	\$22,431	\$2,095	10.3
Capital Outlay:					
Veterans' Home ----	\$728	\$583	\$105	—\$478	—82.0
Public Health ----	70	30	118	88	291.0
Dept. of Employment ----	—940	—438	—353	85	19.4
Totals, Capital Outlay ----	—\$142	\$175	—\$130	—\$305	--
Local Assistance:					
Public Health:					
Tuberculosis subsidies ----	\$4,946	\$4,696	\$4,446	—\$250	—5.3
Crippled children ----	3,439	4,306	4,582	276	6.4
Aid to local health depts. ----	3,126	3,275	3,452	176	5.4
Hospital construction ----	1,204	4,119	4,545	426	10.4
Mosquito control ----	393	400	400	--	--
Totals, Public Health ----	\$13,108	\$16,797	\$17,425	\$628	3.7
Social Welfare:					
Old age security ----	\$98,637	\$104,916	\$108,408	\$3,493	3.3
Aid to needy children ----	33,413	34,880	35,016	136	0.4
Aid to the blind ----	5,841	6,469	6,784	315	4.9
Other ----	3,564	2,729	2,544	—185	—6.8
Totals, Social Welfare ----	\$141,456	\$148,994	\$152,753	\$3,759	2.5
Veterans' Affairs ----	\$349	\$350	\$350	--	--
Totals, Local Assistance ----	\$154,913	\$166,141	\$170,528	\$4,387	2.6
Grand Totals ----	\$172,964	\$186,652	\$192,829	\$6,177	3.3

Mental Hygiene and Corrections—\$150,691,000

MENTAL HYGIENE

The State will provide food, clothing, housing, medical care, and treatment for nearly 50,000 patients in its 13 mental hospitals during the coming budget period. Current studies indicate that this number will increase to over 60,000 within the course of the next six years. In 1946 an orderly program of gradual improvement in the quality of care and treatment was inaugurated, with a view primarily to keeping this State abreast of developments in the field of mental hygiene. Each budget, therefore, presents three problems: (1) provision for the patient-load anticipated for the coming year, (2) some improvement in the level of service, especially as it relates to treatment and rehabilitation, and (3) provision for additional buildings and other facilities required to meet the patient population two or three years hence.

The recommended expenditures for mental hygiene total \$101,105,000, an increase of \$3,066,000 over the estimated expenditures for the current year. Of the total, \$83,217,000 represents current operating expense (up \$10,941,000), and \$17,888,000 is earmarked for capital outlay to meet the long-term growth (down \$7,875,000 from the particularly large commitment of the current fiscal year). The average of 48,223

resident patients will represent an increase of 2,191 or 4.8 percent over the number in 1955-56.

The budget of the Department of Mental Hygiene includes additional personnel to allow further improvements in the level of service; to meet the work load increase resulting from new facilities and changes in types of patients and prescribed treatment; and to care for the growing patient population. Completion of a new receiving and treatment unit, a new tuberculosis unit, and a new hospital annex during the budget year will further improve the functioning of three of the hospitals.

Additional positions are proposed to augment the initial staff of the Neuropsychiatric Institute at the University of California in Los Angeles. Most of these will be professional people who will carry on a limited teaching, research, and training program and operate an outpatient clinic. The Institute will be housed in temporary quarters, pending the construction of the permanent facility.

Major capital outlay projects proposed for the 1956-57 Fiscal Year will provide 252 net additional beds for mentally ill patients and 690 additional beds for mentally deficient patients, increasing the total capacity to 50,116 on June 30, 1959. Principal features of this program include two large ward buildings at Fairview Hospital in Orange County, additions to Metropolitan Hospital in Los Angeles, and improvements at Patton Hospital in San Bernardino County. A number of other major projects are also included to provide necessary service facilities at the hospitals and clinics.

Pursuant to Chapter 18, Division 9 of the Business and Professions Code, the Alcoholic Rehabilitation Commission " * * * shall investigate, study, and engage in all phases of the treatment and rehabilitation of alcoholics, and shall investigate and study other factors necessary to the reduction and prevention of chronic alcoholism and other excessive uses of alcohol and shall submit its first report to the Governor and the Legislature prior to March 1, 1957, and shall submit a final report with recommendations to the Governor and the Legislature prior to March 1, 1959. The commission shall cease to exist on June 30, 1959."

The commission plans to organize and establish a comprehensive balanced program which will encompass at least (a) the actual treatment and rehabilitation of alcoholics, (b) research into the causes and effects of alcoholism and the treatment of alcoholics, and (c) public information on the subject of alcoholism. Expenditures for work of this agency amounting to \$539,000 in the budget period (up \$329,000) have been included in the total for support of mental hygiene given above.

CORRECTIONS

The number of inmates in correctional institutions has increased at a much lower rate than was anticipated a year ago, due primarily to a reduction in superior court commitments in relation to civilian population. There has been a reduction in the incidence of crime, but important also is a recent court decision restricting the power of authorities to conduct a search for narcotics without a search-warrant. A third factor has been the 50 percent increase in work of the special intensive parole unit which per-

mits earlier release to parole from the institutions. During the 1956-57 Fiscal Year the Department of Corrections is expected to care for an average daily population of 15,893—an increase of 445, or 2.9 percent, over the revised average for the current year. It is estimated that the Youth Authority will have an average of 2,430 wards in the institutions under its jurisdiction, an increase of 81, or 3.5 percent. In addition, there will be an average of 7,235 adults and 6,298 youths on parole, but still under careful State supervision. In both instances the number on parole will be approximately 10 percent greater than during the current year. It is of interest in this connection that the average annual cost of supervision is approximately \$160 per parolee, against an average of \$1,522 for the maintenance of adult prisoners and \$3,332 for the support of inmates in facilities operated by the Youth Authority.

One of the more significant programs proposed for the Department of Corrections is an intensive course of treatment to a group of nonviolent offenders in an attempt to hasten their rehabilitation and thus permit earlier release on parole. By virtue of this earlier paroling, it is expected that the total inmate population will be reduced 1,000 below current projections by June 30, 1959. This adjustment in projected population will not only have a material effect on the future expenditures for support of the institutions, but should permit postponement of capital expenditures previously contemplated for the expanding population.

Expenditures by the Department of Corrections are proposed in the amount of \$26,563,000, an increase of \$2,226,000 over the corresponding figure for the current year. In addition to the intensive treatment program and expansion of the experimental parole program, expenditure increases will be required for occupation of new facilities and normal growth in parole case loads. The Youth Authority budget proposes total support of \$10,238,000, or \$898,000 over the estimated expenditures for the present year. The larger amount is due to increased population of wards on parole and the staffing of new facilities.

The capital outlay program for the Department of Corrections reflects the reduction in projected inmate populations. The total program for 1956-57 amounts to \$3,010,000, a reduction of \$6,479,000 from the current fiscal year. Recommendations include preliminary work for a new medium security prison, originally scheduled for construction next year, along with other additional facilities. Because of the reduction in rate of growth in prison population, actual construction funds are not requested in this budget but will be included in another year. Capital outlay expenditures for the Youth Authority are proposed in the amount of \$8,533,000, an increase of \$6,168,000. The principal project proposed is the initial development for a youth training school providing, in this first step, a 428 increase in capacity, of which 28 will be in a hospital and detention unit.

Payments to counties for correctional activities will amount to \$1,243,000, compared with \$952,000 this year. This provides the State's share of support for existing homes and camps, plus funds for seven additional camps. All facilities provided under this program care for wards committed by juvenile courts in lieu of commitment to the Youth Authority.

Expenditures for Mental Hygiene and Corrections (Thousands of dollars)

	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56 Amount Pct.	
State Operations:					
Corrections (adults) ---	\$20,415	\$24,336	\$26,563	\$2,226	9.1
Youth Authority -----	8,049	9,339	10,238	898	9.6
Mental Hygiene -----	62,711	72,276	83,217	10,941	15.1
Totals, State Operations -----	\$91,175	\$105,952	\$120,017	\$14,066	13.3
Capital Outlay:					
Adult facilities -----	\$4,690	\$9,489	\$3,010	—\$6,479	—68.3
Youth facilities -----	1,486	2,365	8,533	6,168	260.8
Mental hospitals -----	12,572	25,763	17,888	—7,875	—30.6
Totals, Capital Outlay -----	\$18,748	\$37,617	\$29,431	—\$8,186	—21.8
Local Assistance:					
Juvenile homes; camps--	\$863	\$952	\$1,243	\$291	30.6
Grand Totals -----	\$110,787	\$144,520	\$150,691	\$6,171	4.3

Conservation and Development of Natural Resources—\$101,551,000

The activities of several State agencies responsible for the development, protection, and conservation of our natural resources are included in this classification. These entail services to the agricultural and mining industries, conservation and propagation of fish and game, wild life management, operation of park and beach areas, timber and watershed protection, utilization of water resources, flood control, and support of agricultural fairs. Combined expenditures during the fiscal year 1956-57 for these broad activities amount to \$101,551,000, an increase of \$27,680,000 or 37.5 percent above the current year. The two major areas of expense are found in capital outlay expenditures, beaches and parks—\$13,891,000 and local assistance for flood control—\$13,340,000.

A moderate expansion and intensification of program has been proposed to meet the anticipated population increase and to provide adequate funds and personnel for these agencies during the budget year. In the Department of Fish and Game, provision has been made for the addition of 35 new positions, chiefly to augment the warden force and increase the effectiveness of wild life protection. In order to provide for State management of acreage now protected by the United States Forest Service under a contractual agreement, 103 man-months of seasonal help have been added to the Division of Forestry.

The current fiscal year will mark the completion of the initial broad planning for the California Water Development Program. Before the financing and construction of projects is possible, however, more detailed investigations of individual river basins and studies of possible alternatives are required. At a cost of \$1,042,000, provision is made for further investigations and geological explorations in connection with major water conservation projects in the north coastal and Sacramento Valley areas.

The budget for support of the Department of Agriculture (\$13,455,000, up \$718,000) is based upon the continuation of the level of service now authorized with adjustments for work load changes. Two exceptions to this general rule are the programs to assure sanitary and wholesome conditions in the processing of poultry and for the establishment and enforcement of rules governing standardization of poultry meat products. Both of these activities are being undertaken pursuant to legislation enacted in 1955. A substantial reduction is anticipated in the Khapra beetle

suppression program, a factor which to a large extent offsets the increases attributable to the two new activities.

During the 1956-57 Fiscal Year funds will be made available to the Division of Beaches and Parks in the amount of \$7,500,000 for the purchase of sites throughout California for either the establishment of new areas or the acquisition of areas surrounding present State facilities. This will be the first step in placing into effect the long range plan for expansion of the State Park System in California. In addition, \$4,641,000 will be expended on beach and park development and the sum of \$1,750,000 will be used for riders' and hikers' trails, roadside rests, restoration of historic ships, and Redwood highway relocation.

An appropriation of \$1,000,000 was approved last year for the purpose of bringing the 1960 Winter Olympics to California. This objective has been assured, provided the State will allocate sufficient additional funds to build the structures and other facilities required in connection with this event. The current budget recommends a supplementary appropriation of \$4,000,000, and provides for expenditures totaling \$4,901,000, to be used primarily in the development of facilities. Payments in connection with work of the Olympic Commission during the current year are estimated at \$99,000.

Provision is made in a recommended appropriation of \$5,160,000 for large scale preliminary work on the Feather River Project, which eventually will become one of the major units in California's water and power development. This first step involves (1) surveys, explorations, and investigations of dam sites, the aqueduct, and alternative routes to Southern California; (2) construction plans and specifications; (3) negotiations with certain agencies immediately interested in the project; and (4) acquisition of the dam and reservoir sites for the Oroville and San Luis units and rights of way for the relocation of railroad and highway facilities. This initial phase will involve both the dam at Oroville and such work as must be done by the State at the San Luis reservoir irrespective of whether the State or Federal Government ultimately builds this latter unit.

The only other major development in capital outlay items is the decline in amount available for improvements at district fairs. This results chiefly from carrying forward of unexpended balances for expenditure in the present fiscal year. The \$4,739,000 shown for 1955-56 is an unusually large sum, and the \$2,551,000 proposed for the ensuing period represents essentially a return to the normal allotment for this purpose.

Payments to local governments for flood control represent reimbursements for expenses or obligations incurred in cooperating with the Federal Government in construction of certain authorized flood control works. Based upon the anticipated work to be undertaken by the Federal Government, proposed allocations to local agencies in the 1956-57 year are \$13,340,000, an increase of \$8,444,000 over the current year.

Following the pattern shown for district fairs, State aid to county fairs will be substantially lower next year—down from \$4,121,000 currently to \$2,972,000 in the projected period. Here, too, the change represents a return to a more normal distribution of horse-racing revenue which is dedicated by law to support of this activity.

Conservation and Development of Natural Resources (Thousands of dollars)

	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56	
				Amount	Pct.
State Operations:					
Agriculture	\$11,459	\$12,736	\$13,455	\$718	5.6
Fish and Game	7,150	7,884	8,659	775	9.8
Beaches and Parks	2,807	3,419	3,930	511	14.9
Forestry	10,322	11,488	12,325	838	7.3
Mines, Oil, and Gas	1,031	1,115	1,202	87	7.8
Water Resources	4,743	4,609	5,578	969	21.0
Fairs and Expositions	5,591	5,668	5,886	218	3.8
Other	325	365	401	35	9.7
Totals, State Operations	\$43,427	\$47,284	\$51,435	\$4,151	8.8
Capital Outlay:					
Olympic Commission	—	\$99	\$4,901	\$4,802	—
Agriculture	\$192	360	65	—294	—81.8
Fairs and Expositions	1,667	4,739	2,551	—2,188	—46.2
Beaches and Parks	715	5,364	13,891	8,527	159.0
Forestry	1,426	2,304	2,418	114	5.0
Fish and Game	113	144	657	513	356.8
Reclamation Board	1,435	2,235	2,300	65	2.9
Water Resources	304	4	5,200	5,196	—
Wildlife Conservation Board	1,897	2,094	1,680	—414	—19.7
Oil and Gas	—	16	2	—12	—78.1
Totals, Capital Outlay	\$7,748	\$17,358	\$33,667	\$16,309	94.0
Local Assistance:					
Aid to fairs	\$2,818	\$4,121	\$2,972	—\$1,149	—27.9
Flood control	1,652	4,897	13,340	8,444	172.4
Agricultural commissions	137	143	146	3	1.9
Other	6	68	—10	—78	—
Totals, Local Assistance	\$4,614	\$9,229	\$16,448	\$7,219	78.2
Grand Totals	\$55,789	\$73,871	\$101,551	\$27,680	37.5

Fiscal Affairs—\$32,732,000

Expenditures for administration of the State's business affairs and principal tax programs during 1956-57 will amount to \$32,732,000, an increase of \$359,000 over the comparable total for 1955-56. This minor increase is the net result of a \$2,461,000 expansion in operating expenses—due chiefly to the salary adjustment proposal, and a \$2,102,000 decline in outlays for buildings and other facilities, as construction funds are channelled to meet more pressing needs.

Business control and management—including budget preparation, centralized purchasing, maintenance and operation of buildings, disbursing of funds, auditing, and financial reporting—is expected to cost \$9,397,000 during 1956-57. This amount exceeds the 1955-56 estimate by \$686,000, of which \$475,000 is for the proposed 5 percent adjustment in salaries and wages.

Assessment and collection of the retail sales, gasoline, bank and corporation, personal income, alcohol excise, insurance, inheritance, gift, and transportation taxes will cost \$21,539,000. This represents an increase of \$1,775,000 for this classification, including \$873,000 for the revision of employee salaries. An augmentation of \$185,000 for the Assessment Standards Division of the Board of Equalization will enable the Board to continue the sample appraisal work required by Section 1831 of the Revenue and Taxation Code in connection with county property tax levies and to expand its program of assisting county assessors. The remaining \$717,000 is in anticipation of expanding work load, particularly in terms of personal income tax returns and retail sales tax accounts.

The proposed expenditures for the Board of Equalization do not include funds for administering the Uniform Local Sales and Use Tax Law. This program

will be financed by reimbursements from contracting counties and therefore will not represent a cost increase, so far as State expenditures are concerned.

Capital outlay for acquisition of building sites, office buildings, and other improvements will decline from \$3,898,000 in 1955-56 to \$1,796,000 during 1956-57. Principal items in the proposed program include acquisition of a garage site in San Francisco and office building sites in Fresno and Stockton.

Expenditures for Fiscal Affairs (Thousands of dollars)

	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56 Amount	Pct.
State Operations:					
Control and Management:					
Board of Control-----	\$22	\$23	\$24	\$1	2.5
Controller-----	1,680	1,885	1,960	75	4.0
Department of Finance-----	5,874	6,589	7,152	563	8.5
Treasurer-----	171	215	262	47	21.9
Subtotals-----	\$7,746	\$8,712	\$9,397	\$686	7.9
Tax Collection:					
Board of Equalization-----	\$14,058	\$13,645	\$14,819	\$1,174	8.6
Controller-----	970	1,049	1,110	61	5.8
Franchise Tax Board-----	4,565	5,070	5,610	540	10.7
Subtotals-----	\$19,593	\$19,764	\$21,539	\$1,775	9.0
Totals, State Operations---	\$27,340	\$28,476	\$30,937	\$2,461	8.6
Capital Outlay:					
Office buildings, etc.-----	\$376	\$3,898	\$1,796	—\$2,102	—53.9
Grand Totals-----	\$27,715	\$32,374	\$32,732	\$359	1.1

Other Expenditures—\$162,581,000

General expenses which cannot be assigned precisely to any of the foregoing six broad functions have been combined for convenience in this group of miscellaneous expenditures. They include support of the legislative and judicial branches of government, cost of general administration, maintenance of regulatory agencies, debt service, and the sharing of certain revenues with cities and counties for support of these local units. In total, miscellaneous costs will amount to \$162,581,000, up approximately \$15,554,000 from the present year. However, \$112,373,000 of the total and \$9,065,000 of the increase are comprised in two items of shared revenue—apportionments of receipts from the motor vehicle “in lieu” tax and liquor licenses.

With the longer, general session of the Legislature next year, legislative expense will increase to \$4,568,000, an addition of \$637,000 over the amount required in the present “budget” year. Support of the courts, including the State’s share of superior court judges’ salaries and contributions for judges’ retirement, will require \$4,095,000, an increase of \$226,000. Appropriations for operation of executive offices, administrative agencies, and regulatory bodies amount to \$19,834,000, or \$1,356,000 more than during the current year. Underlying changes include the general salary adjustment and provision for growth in work load. In total, expenses of State operation in this broad miscellaneous field will amount to \$41,818,000, or 7.7 percent above the corresponding sum for the current year.

Capital outlay costs will increase materially due to the inclusion of an unallocated sum of \$5,000,000 under the State building program. To a degree, a comparison between years is artificial, since it involves the relationship of this unallocated sum to the amount remaining to be allotted from a similar, though smaller, fund contained initially in the current year’s budget.

As funds are apportioned to specific projects, they are shifted from this miscellaneous category to one of the other functions. The only other important development in connection with miscellaneous improvements is the drop in appropriations for armory construction from the abnormally large amount spent in the current fiscal year.

The large increase in apportionments of vehicle license fee revenue collected for local governments is the result of the growing number of motor vehicle registrations and higher vehicle values. This levy has proven to be an especially productive source of local revenues, nearly doubling in yield since the present rate of \$2 per \$100 of value was established seven years ago.

Other Expenditures (Thousands of dollars)

	Actual 1954-55	Estimated 1955-56	Proposed 1956-57	Change from 1955-56 Amount	Pct.
State Operations:					
Legislature-----	\$3,816	\$3,931	\$4,568	\$637	16.2
Courts-----	1,467	1,662	1,806	144	8.7
Executive-----	438	496	531	35	7.1
Civil defense-----	948	1,095	970	—126	—11.5
General administration-----	1,718	1,826	2,076	250	13.7
Regulation and licensing-----	12,105	15,061	16,257	1,197	7.9
Bond interest and redemption-----	3,358	3,259	3,160	—98	—3.0
Other-----	8,587	11,515	12,449	935	8.1
Total, State Operations-----	\$32,438	\$38,845	\$41,818	\$2,973	7.7
Capital Outlay:					
Civil defense-----	\$104	--	--	—\$1,157	—83.8
Military affairs-----	122	\$1,381	\$224	—64	—100.0
Public works (architecture)-----	355	64	5,000	4,300	614.3
Unallocated-----	--	700	--	--	--
Totals, Capital Outlay-----	\$581	\$2,145	\$5,224	\$3,079	143.5
Local Assistance:					
Return of:					
Vehicle license fees-----	\$79,781	\$94,723	\$103,273	\$8,550	9.0
Liquor license fees-----	9,041	8,585	9,100	515	6.0
Aid for public works-----	1,266	1,120	665	—455	—40.6
Judges’ salaries and retirement-----	1,899	2,206	2,289	83	3.7
Earthquake and storm damage-----	—36	—53	—53	--	--
Veterans’ housing (reimbursement)-----	—987	—920	—110	810	—88.0
Other-----	306	375	375	--	--
Totals, Local Assistance-----	\$91,269	\$106,037	\$115,539	\$9,502	9.0
Grand Totals-----	\$124,288	\$147,027	\$162,581	\$15,554	10.6

EXPENDITURE TRENDS

Aggregate State expenditures have multiplied approximately sevenfold over the course of the last 20 years. From a total of \$243,537,000 in 1937-38, the sum has grown to \$1,736,113,000 in the budget for 1956-57. Of the \$1.5 billion increase, one-fourth (\$362 million) has taken place in State operations, roughly another quarter (\$336 million) in capital outlay, and a little more than one-half (\$794 million) in local assistance. Or, to put the long-term comparison another way, the operations section of next year’s budget is 4½ times the corresponding figure of 20 years ago, the capital outlay portion is 16 times the amount used for this purpose in depression ridden 1937-38, and State assistance to local governments has multiplied more than 7½ times.

Four principal factors have been involved in this increase: (1) a doubling of the State’s population, (2) the present coordinated building program to meet future growth—a move which was not possible with the depressed revenues and unemployment relief needs

of 20 years ago, (3) almost a doubling in price levels, and (4) an increase in the scope and quality of governmental services. It is not possible, of course, to isolate these elements and determine the precise effect of each. Adjusted for the gain in population, however, the growth has been almost $3\frac{1}{2}$ fold from \$36.94 per capita in 1937-38 to \$127.07 in the proposed budget program. Of these two amounts, \$3.31 and \$26.20, respectively, represent capital outlays. Hence, current operations and local assistance payments have increased from \$33.63 twenty years ago to \$100.87 budgeted for the ensuing period. In dollars of 1937-38 purchasing power, the \$100.87 per capita for State operations and local assistance would have amounted to \$53.33.* Thus, in constant dollars, there has been an increase of \$19.70 per capita over the 20-year interval, of which \$17.21 is shown in local assistance and \$2.49 in State operations.

Unemployment relief, one of the most pressing problems of the earlier year, has disappeared from the fiscal picture. It may be contended that this change produces a favorable comparison so far as State operations are concerned. With relief payments eliminated from the 1937-38 data, other State operations in constant dollars have advanced from \$10.50 per capita in 1937-38 to \$17.97 proposed for next year. However, it must be recognized that the necessity of providing unemployment relief severely restricted other costs. These undoubtedly would have been considerably greater, had there been no need for relief payments. Thus, the \$2.49 per capita increase in State operations is not the biased figure it would appear to be at first glance.

The aggregate income of California's expanded population is six times the amount received two decades ago. Growing from a total of \$5.1 billion in 1937, personal income of California residents this year will reach a record \$31.3 billion. As a result of this growth, the ratio of State expenditures to total income of

individuals has increased considerably less than might be expected. From \$4.75 per \$100 of income in 1937-38, the ratio has advanced to an estimated \$5.55 in the budget year, an increase of 80 cents out of each hundred dollars. Payments for State operations have dropped from \$1.99 to \$1.48, but the entire decline is due to elimination of relief payments. Other operating costs have risen 14 cents. Capital expenditures have increased from 43 cents—which 20 years ago was virtually all for highway construction—to \$1.14; and local assistance has grown from \$2.33 per \$100 of personal income in 1937-38 to \$2.92 in the pending expenditure program.†

Annual data showing expenditures by principal purposes, per capita costs, and expenditures per \$100 of personal income are given in the table below. The figures show clearly the decline in spending during the war period, particularly in relation to personal income, and the strong upward trend during the postwar years. A large part of the latter movement represents the cost of activities and projects postponed during the war, financed with war accumulated surpluses and reserves.

By far the largest part of the 20-year increase in State expenditures has taken place in payments for education. Nearly 40 percent (\$592 million) of the \$1.5 billion growth in outgo is to be found in this area of activity. Among the many factors contributing to this change are, of course, the tremendous growth in enrollments at all types of schools, the larger State support per student, the current emphasis upon outlays for buildings at State educational centers, the

* Based upon a consumer price index of 60.8 in 1937-38 and 115.0 for July, 1955, the price level used in preparing the 1956-57 budget.

† In making these and the following computations, expenditures during the State fiscal year, which ends June 30th, have been compared with personal income during the preceding calendar year. See the tabulation on page A-18 for personal income data.

STATE EXPENDITURE TRENDS AND RELATIONSHIP TO POPULATION AND INCOME

Fiscal Year	State Expenditures				Expenditures per Capita				Expenditures per \$100 of Personal Income			
	State Operations (Thousands)	Capital Outlay (Thousands)	Local Assistance (Thousands)	Total (Thousands)	State Operations	Capital Outlay	Local Assistance	Total	State Operations	Capital Outlay	Local Assistance	Total
1936-37	\$83,412	\$24,090	\$111,659	\$219,161	\$12.96	\$3.75	\$17.35	\$34.06	\$1.73	\$0.50	\$2.32	\$4.55
1937-38	102,023	21,838	119,676	243,537	15.48	3.31	18.15	36.94	1.99	0.43	2.33	4.75
1938-39	122,968	29,475	134,046	286,489	18.30	4.38	19.95	42.63	2.42	0.58	2.63	5.63
1939-40	125,583	21,262	135,904	282,749	18.29	3.09	19.79	41.17	2.39	0.40	2.59	5.38
1940-41	111,175	20,094	142,596	273,865	15.67	2.84	20.10	38.61	1.90	0.35	2.44	4.69
1941-42	88,627	23,147	146,172	257,946	12.35	3.23	20.38	35.96	1.24	0.32	2.05	3.61
1942-43	93,963	16,717	140,181	250,861	12.64	2.25	18.86	33.75	1.00	0.18	1.50	2.68
1943-44	85,188	15,399	164,074	264,661	10.89	1.97	20.96	33.82	0.71	0.13	1.36	2.20
1944-45	87,988	18,091	200,411	306,490	10.60	2.18	24.13	36.91	0.67	0.14	1.52	2.33
1945-46	108,979	40,766	192,430	342,175	11.53	4.31	20.36	36.20	0.72	0.27	1.26	2.25
1946-47	142,109	86,261	241,310	469,680	14.66	8.89	24.89	48.44	0.88	0.54	1.50	2.92
1947-48	188,117	97,665	371,942	657,726	18.91	9.82	37.39	66.12	1.13	0.59	2.23	3.95
1948-49	225,466	167,828	490,031	883,325	22.11	16.45	48.04	86.60	1.28	0.96	2.78	5.02
1949-50	248,044	258,805	547,989	1,054,838	23.69	24.71	52.32	100.72	1.39	1.45	3.07	5.91
1950-51	263,055	200,343	542,941	1,006,339	24.28	18.49	50.12	92.89	1.34	1.02	2.76	5.12
1951-52	294,483	180,989	592,600	1,068,072	25.83	15.88	51.98	93.69	1.29	0.80	2.60	4.69
1952-53	320,282	207,218	649,219	1,176,719	26.79	17.33	54.30	98.42	1.28	0.83	2.59	4.70
1953-54	346,907	286,897	747,596	1,381,400	28.02	23.17	60.38	111.57	1.30	1.08	2.81	5.19
1954-55	368,529	278,032	775,891	1,422,452	28.76	21.70	60.54	111.00	1.36	1.03	2.87	5.26
1955-56	412,568	335,892	857,704	1,606,164	31.15	25.36	64.76	121.27	1.39	1.13	2.90	5.43
1956-57	464,341	357,926	913,846	1,736,113	33.99	26.20	66.89	127.07	1.48	1.14	2.92	5.55

realistic provision for teachers' retirement, State assistance to financially distressed districts, and support of child care centers.

Ranking second in volume of increase since 1937-38 are the amounts going for highway operations—including new construction, traffic control, motor vehicle regulation, and related items. As shown in the table below, this function will take \$356 million more next year than in 1937-38. Of this amount, \$221 million represents the expanded highway construction program and \$79 million is comprised in the larger apportionments to counties and cities for roads and streets.

	Budgeted 1956-57 (million)	Change from 1937-38			
		Amount (million)	Percent	Per capita	Per \$100 of income
Education	\$676.9	\$592.3	699.8	\$36.70	\$0.51
Highways, vehicle regulation	418.8	356.0	566.3	21.12	.11
Welfare, health, etc.	192.8	142.8	285.2	6.52	— .36
Mental hygiene; corrections	150.7	141.3	1,503.9	9.60	.30
Natural resource development	101.6	92.7	1,046.4	6.09	.15
Fiscal affairs	32.7	27.2	495.8	1.57	— .01
All other	162.6	140.3	630.9	8.53	.09
Totals	\$1,736.1	\$1,492.6	612.9	\$90.13	\$0.80

The most rapidly expanding costs over the two decades have been those for mental hygiene and corrections. It is no exaggeration to say that these were the neglected activities of State government 20 years ago. Total expenditures were less than \$9,400,000, or \$1.43 per capita of total population. Payments for the two functions represented 18 cents per \$100 of personal

income. In sharp contrast, the \$150,691,000 budgeted for these two services next year amounts to more than \$11 per capita and 48 cents out of each \$100 received by all the people of California.

Second place in comparative rate of increase goes to conservation and development of natural resources. The many activities grouped under this broad heading show an aggregate expenditure increase of more than tenfold in the 20-year period. From less than \$9,000,000, the total has grown to \$101,551,000 in the fiscal program proposed for 1956-57. Even this larger figure is merely a fraction of the long-term needs in such areas as water conservation and power development.

Management of fiscal affairs and expenditures for the general operation of State government have shown the least comparative change. Although totals and per capita amounts are higher in both categories, the burden of costs upon individual incomes has changed very little. Support of fiscal affairs requires 10 cents per \$100 of personal income, against 11 cents allotted for this purpose 20 years ago. "Other expenditures" have increased from an amount equal to 43 cents to 52 cents per \$100 of income in the budgeted year. Expenditures included in this group for State operations dropped 11 cents; capital outlay is down 3 cents; but miscellaneous assistance to local governments has increased 23 cents per \$100 of personal income.

Annual per capita expenditures and the ratio of costs to aggregate personal income of California residents since 1936-37 for each of the seven broad functional groups are shown in the accompanying table.

EXPENDITURE TRENDS, BY MAJOR FUNCTIONS, AND RELATIONSHIP TO POPULATION AND INCOME

Fiscal Year	Education		Highways, Streets Motor Vehicle Regulation		Social Welfare, Health, and Related Activities		Mental Hygiene and Corrections		Natural Resource Conser. and Develop.		Fiscal Affairs		All Other	
	Per Capita	Per \$100 of Income	Per Capita	Per \$100 of Income	Per Capita	Per \$100 of Income	Per Capita	Per \$100 of Income	Per Capita	Per \$100 of Income	Per Capita	Per \$100 of Income	Per Capita	Per \$100 of Income
1936-37	\$12.71	\$1.70	\$9.15	\$1.22	\$5.19	\$0.69	\$1.67	\$0.22	\$1.00	\$0.14	\$0.83	\$0.11	\$3.51	\$0.47
1937-38	12.84	1.65	9.54	1.23	7.59	0.98	1.43	0.18	1.34	0.17	0.83	0.11	3.37	0.43
1938-39	13.46	1.78	8.59	1.13	10.96	1.45	2.74	0.36	2.12	0.28	1.02	0.14	3.74	0.49
1939-40	13.24	1.73	8.61	1.12	10.83	1.42	1.86	0.24	1.70	0.22	0.97	0.13	3.97	0.52
1940-41	13.08	1.59	9.02	1.09	7.51	0.91	1.86	0.23	1.70	0.21	0.98	0.12	4.46	0.54
1941-42	13.13	1.32	9.90	0.99	3.76	0.38	2.00	0.21	1.71	0.17	1.03	0.10	4.43	0.44
1942-43	13.02	1.03	7.67	0.61	3.79	0.30	2.13	0.17	1.57	0.12	1.06	0.08	4.51	0.36
1943-44	11.81	0.77	7.05	0.46	6.67	0.43	2.08	0.14	1.58	0.10	0.94	0.06	3.69	0.24
1944-45	15.76	0.99	6.50	0.41	6.26	0.40	2.06	0.13	1.30	0.08	1.10	0.07	3.93	0.25
1945-46	13.10	0.81	8.22	0.51	5.96	0.37	2.58	0.16	1.92	0.12	1.21	0.08	3.21	0.20
1946-47	15.38	0.93	12.80	0.77	6.74	0.41	3.52	0.21	3.22	0.19	1.40	0.08	5.38	0.33
1947-48	23.38	1.40	14.92	0.89	9.14	0.54	5.38	0.32	4.13	0.25	1.66	0.10	7.52	0.45
1948-49	28.09	1.63	21.28	1.23	13.22	0.76	7.01	0.41	4.77	0.28	2.08	0.12	10.15	0.59
1949-50	33.60	1.97	19.24	1.13	19.13	1.12	10.24	0.60	4.67	0.27	3.17	0.19	10.66	0.63
1950-51	31.57	1.74	21.55	1.19	17.06	0.94	7.22	0.40	4.55	0.25	1.89	0.10	9.05	0.50
1951-52	31.12	1.56	21.37	1.07	15.87	0.79	8.48	0.42	4.50	0.23	2.19	0.11	10.16	0.51
1952-53	36.34	1.74	21.97	1.05	14.57	0.69	9.02	0.43	4.61	0.22	2.51	0.12	9.40	0.45
1953-54	41.11	1.91	30.64	1.43	14.18	0.66	8.85	0.41	4.54	0.21	2.19	0.10	10.06	0.47
1954-55	43.02	2.04	29.62	1.40	13.50	0.64	8.65	0.41	4.35	0.21	2.16	0.10	9.70	0.46
1955-56	46.42	2.08	30.72	1.37	14.09	0.63	10.91	0.49	5.58	0.25	2.44	0.11	11.10	0.50
1956-57	49.54	2.16	30.66	1.34	14.11	0.62	11.03	0.48	7.43	0.32	2.40	0.10	11.90	0.52

Expenditure data for earlier years have been adjusted so that character of expenditures conforms to present budgetary procedure. Expenditures per capita have been computed on the basis of population January 1st, the midpoint of fiscal year. Population data and income figures are shown on page A-18.

Schedule 3

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND
FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57**

Organization Unit	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS										
LEGISLATIVE:										
Legislature.....	6	\$943,213	\$2,380,896	\$3,324,109	\$839,491	\$2,581,000	\$3,420,491	\$1,089,269	\$2,886,000	\$3,975,269
Legislative Counsel Bureau.....	13	407,033	-----	407,033	386,348	-----	386,348	459,587	-----	459,587
Law Revision Commission.....	15	25,180	-----	25,180	49,591	-----	49,591	50,277	-----	50,277
Commission on Uniform State Laws.....	16	4,586	-----	4,586	4,650	-----	4,650	4,650	-----	4,650
Legislators' Retirement.....	16	55,000	-----	55,000	70,000	-----	70,000	50,000	-----	50,000
TOTALS, LEGISLATIVE.....		\$1,435,012	\$2,380,896	\$3,815,908	\$1,350,080	\$2,581,000	\$3,931,080	\$1,653,783	\$2,886,000	\$4,539,783
JUDICIAL:										
Supreme Court.....	17	\$501,288	-----	\$501,288	\$540,691	-----	\$540,691	\$608,445	-----	\$608,445
Judicial Council.....	18	120,649	-----	120,649	136,140	-----	136,140	146,875	-----	146,875
Judges' Retirement.....	19	13,750	-----	13,750	15,393	-----	15,393	15,695	-----	15,695
District Court of Appeal, First Appellate District.....	20	230,182	-----	230,182	253,942	-----	253,942	259,514	-----	259,514
District Court of Appeal, Second Appellate District.....	21	349,141	-----	349,141	390,937	-----	390,937	401,598	-----	401,598
District Court of Appeal, Third Appellate District.....	22	124,659	-----	124,659	147,066	-----	147,066	148,470	-----	148,470
District Court of Appeal, Fourth Appellate District.....	23	127,080	-----	127,080	178,101	-----	178,101	181,344	-----	181,344
TOTALS, JUDICIAL.....		\$1,466,749	-----	\$1,466,749	\$1,662,270	-----	\$1,662,270	\$1,761,941	-----	\$1,761,941
EXECUTIVE:										
Governor:										
Governor's Office.....	24	\$390,626	-----	\$390,626	\$446,563	-----	\$446,563	\$465,860	-----	\$465,860
Office of Civil Defense.....	26	948,255	-----	948,255	1,095,166	-----	1,095,166	939,055	-----	939,055
Lieutenant Governor.....	30	47,080	-----	47,080	49,436	-----	49,436	52,957	-----	52,957
TOTALS, EXECUTIVE.....		\$1,385,961	-----	\$1,385,961	\$1,591,165	-----	\$1,591,165	\$1,457,872	-----	\$1,457,872
ADMINISTRATIVE:										
General Administration:										
State Employees' Retirement System.....	31	\$302,683	-----	\$302,683	\$344,964	-----	\$344,964	\$328,394	-----	\$328,394
Commission on Interstate Cooperation.....	36	26,875	-----	26,875	33,305	-----	33,305	33,965	-----	33,965
Personnel Board.....	37	1,737,418	-----	1,737,418	1,807,845	-----	1,807,845	1,907,460	-----	1,907,460
Secretary of State.....	45	355,422	\$39,209	394,631	350,139	\$43,178	393,317	424,696	\$44,146	468,842
TOTALS, General Administration.....		\$2,422,398	\$39,209	\$2,461,607	\$2,536,253	\$43,178	\$2,579,431	\$2,694,515	\$44,146	\$2,738,661

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS —Continued										
	50-51									
	93									
	95									
ADMINISTRATIVE—Continued										
Agriculture:										
Corrections:										
Youth Authority:										
Totals, Corrections:										
Totals, Youth Authority:										

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
	STATE OPERATIONS —Continued									
	ADMINISTRATIVE—Continued									
	Education:									
	Department of Education:									
239	General Activities.....	\$2,543,293	-----	\$2,543,293	\$2,815,841	-----	\$2,815,841	\$2,897,653	-----	\$2,897,653
260	Vocational Education.....	379,131	-----	379,131	452,559	-----	452,559	467,089	-----	467,089
267	Vocational Rehabilitation.....	1,257,211	-----	1,257,211	1,368,513	-----	1,368,513	1,590,453	-----	1,590,453
273	Division of Libraries.....	531,935	-----	531,935	594,339	-----	594,339	620,753	-----	620,753
	Totals, Department of Education.....	\$4,711,570	-----	\$4,711,570	\$5,231,252	-----	\$5,231,252	\$5,576,548	-----	\$5,576,548
	State Colleges and Technical Schools:									
281	Chico State College.....	\$1,237,551	-----	\$1,237,551	\$1,470,273	-----	\$1,470,273	\$1,770,663	-----	\$1,770,663
287	Fresno State College.....	2,036,139	-----	2,036,139	2,507,199	-----	2,507,199	2,888,804	-----	2,888,804
297	Humboldt State College.....	972,321	-----	972,321	1,195,844	-----	1,195,844	1,437,000	-----	1,437,000
303	Long Beach State College.....	1,385,901	-----	1,385,901	1,933,789	-----	1,933,789	2,554,275	-----	2,554,275
309	Los Angeles State College of Applied Arts and Sciences.....	2,139,382	-----	2,139,382	2,930,808	-----	2,930,808	3,904,290	-----	3,904,290
316	Sacramento State College.....	1,364,256	-----	1,364,256	1,795,878	-----	1,795,878	2,203,025	-----	2,203,025
322	San Diego State College.....	2,550,748	-----	2,550,748	3,160,101	-----	3,160,101	3,826,711	-----	3,826,711
328	San Francisco State College.....	2,932,486	-----	2,932,486	3,465,056	-----	3,465,056	3,894,446	-----	3,894,446
334	San Jose State College.....	3,696,994	-----	3,696,994	4,625,577	-----	4,625,577	5,433,691	-----	5,433,691
341	California State Polytechnic College.....	297,639	-----	297,639	399,797	-----	399,797	4,045,684	-----	4,045,684
352	California Maritime Academy.....	-----	2,855,938	2,855,938	-----	3,349,875	3,349,875	316,510	-----	316,510
	Totals, State Colleges and Technical Schools.....	\$18,613,417	\$3,243,630	\$21,857,047	\$23,394,322	\$3,763,300	\$27,157,622	\$28,229,415	\$4,502,876	\$32,732,291
	Special Schools for Physically Handi- capped Children:									
356	California School for the Blind.....	\$462,699	-----	\$462,699	\$505,962	-----	\$505,962	\$504,750	-----	\$504,750
360	California School for the Deaf, Berkeley.....	1,016,010	-----	1,016,010	1,151,780	-----	1,151,780	1,187,182	-----	1,187,182
364	California School for the Deaf, Riverside.....	653,970	-----	653,970	931,106	-----	931,106	1,018,892	-----	1,018,892
368	School for Cerebral Palsied Children, Northern California.....	330,549	-----	330,549	356,573	-----	356,573	375,217	-----	375,217
372	School for Cerebral Palsied Children, Southern California.....	339,532	-----	339,532	357,117	-----	357,117	364,984	-----	364,984
376	Oakland Orientation Center.....	261,840	-----	261,840	299,112	-----	299,112	317,498	-----	317,498
380	California Industries for the Blind:									
382	Los Angeles Center.....	117,579	-----	117,579	128,433	-----	128,433	128,678	-----	128,678
385	Oakland Center.....	85,892	-----	85,892	95,938	-----	95,938	94,463	-----	94,463
387	San Diego Center.....	50,831	-----	50,831	55,796	-----	55,796	50,803	-----	50,803
389	Teachers Retirement System.....	\$198,220	-----	\$198,220	\$198,997	-----	\$198,997	\$200,456	-----	\$200,456
390	State Scholarship Commission.....	59,778,639	-----	59,778,639	64,475,852	-----	64,475,852	71,098,455	-----	71,098,455
402	University of California.....	49,080	-----	49,080	49,000	-----	49,000	49,000	-----	49,000
	Totals, Education.....	\$86,669,828	\$3,399,821	\$90,069,649	\$97,246,831	\$4,015,300	\$101,262,131	\$109,273,126	\$4,771,668	\$114,044,794

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS —Continued										
ADMINISTRATIVE—Continued										
Employment: Department of Employment Contingent Fund.....	---		\$34,894	\$34,894		\$39,532	\$39,532		\$38,732	\$38,732
Fiscal Affairs:										
Board of Control.....	405	\$21,550		\$21,550	\$22,961		\$22,961	\$22,958		\$22,958
State Controller.....	406	\$2,341,706	\$764,408	\$3,106,114	\$2,563,586	\$825,877	\$3,389,463	\$2,588,187	\$828,875	\$3,417,062
Board of Equalization.....	422	\$12,510,736	\$1,547,367	\$14,058,103	\$12,001,523	\$1,643,797	\$13,645,320	\$12,540,355	\$1,608,481	\$14,208,836
Department of Finance:										
General Activities.....	441	\$6,057,970	\$115,274	\$6,173,244	\$6,663,090	\$102,292	\$6,765,382	\$6,800,991	\$94,802	\$6,955,793
Fairs and Expositions Division:										
Administration.....	462		121,082	121,082		130,847	130,847		116,900	116,900
State Fair and Exposition.....	464		1,911,229	1,911,229		1,962,227	1,962,227		2,112,502	2,112,502
Sixth District Agricultural Association.....	472		137,502	137,502		152,722	152,722		177,607	177,607
District Agricultural Associations.....	475		3,421,190	3,421,190		3,421,000	3,421,000		3,421,000	3,421,000
Fairs Classification Committee.....	476					1,500	1,500		1,500	1,500
State Lands Division.....	477		448,323	448,323		647,550	647,550		662,590	662,590
Totals, Department of Finance.....		\$6,057,970	\$6,154,600	\$12,212,570	\$6,663,090	\$6,418,138	\$13,081,228	\$6,800,991	\$6,586,901	\$13,477,892
Franchise Tax Board.....	481	\$4,565,302		\$4,565,302	\$5,069,722		\$5,069,722	\$5,388,169		\$5,388,169
State Treasurer.....	489	278,022		278,022	309,820		309,820	351,097		351,097
Totals, Fiscal Affairs.....		\$25,775,286	\$8,466,375	\$34,241,661	\$26,630,702	\$8,887,812	\$35,518,514	\$27,781,757	\$9,084,257	\$36,866,014
Highway Patrol:										
Department of California Highway Patrol.....	491		\$16,835,734	\$16,835,734		\$18,821,051	\$18,821,051		\$20,897,857	\$20,897,857
Industrial Relations:										
Department of Industrial Relations.....	500	\$5,681,988		\$5,681,988	\$6,338,087		\$6,338,087	\$6,755,184		\$6,755,184
Office of Fire Marshal.....	510	268,040	\$66,134	334,174	315,810	\$71,892	387,702	315,369	\$79,793	395,162
Totals, Industrial Relations.....		\$5,950,028	\$66,134	\$6,016,162	\$6,653,897	\$71,892	\$6,725,789	\$7,070,553	\$79,793	\$7,150,346
Justice:										
Department of Justice.....	513	\$3,660,356		\$3,660,356	\$4,156,633		\$4,156,633	\$4,469,983		\$4,469,983

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS —Continued										
ADMINISTRATIVE—Continued										
Mental Hygiene:										
Department of Mental Hygiene:										
Mental Clinics:										
Outpatient Mental Hygiene Clinics.....	523	\$2,960,810	-----	\$2,960,810	\$3,304,201	-----	\$3,304,201	\$3,620,188	-----	\$3,620,188
Langley Porter Clinic.....	540	487,600	-----	487,600	534,812	-----	534,812	615,002	-----	615,002
Neuropsychiatric Institute at University of California, Los Angeles.....	546	999,694	-----	999,694	1,118,063	-----	1,118,063	1,174,299	-----	1,174,299
Mental Hospitals:										
Agnews State Hospital.....	551	16,708	-----	16,708	71,409	-----	71,409	122,429	-----	122,429
Atascadero State Hospital.....	553	5,368,240	-----	5,368,240	6,170,420	-----	6,170,420	6,533,674	-----	6,533,674
Camarillo State Hospital.....	560	1,366,146	-----	1,366,146	2,005,194	-----	2,005,194	2,221,725	-----	2,221,725
De Witt State Hospital.....	566	7,566,572	-----	7,566,572	8,569,381	-----	8,569,381	9,313,440	-----	9,313,440
Mendocino State Hospital.....	574	3,801,630	-----	3,801,630	4,138,276	-----	4,138,276	4,286,874	-----	4,286,874
Metropolitan State Hospital.....	580	3,311,050	-----	3,311,050	3,586,303	-----	3,586,303	4,048,250	-----	4,048,250
Modesto State Hospital.....	588	3,434,412	-----	3,434,412	3,630,381	-----	3,630,381	4,457,303	-----	4,457,303
Napa State Hospital.....	595	4,362,301	-----	4,362,301	4,878,264	-----	4,878,264	5,008,558	-----	5,008,558
Patton State Hospital.....	601	6,287,296	-----	6,287,296	7,026,073	-----	7,026,073	7,964,002	-----	7,964,002
Stockton State Hospital.....	609	5,636,737	-----	5,636,737	6,428,584	-----	6,428,584	6,883,847	-----	6,883,847
Institutions for Mental Defectives:										
Fairview State Hospital.....	616	6,158,255	-----	6,158,255	6,891,089	-----	6,891,089	7,401,546	-----	7,401,546
Pacific State Hospital.....	623	3,566,815	-----	3,566,815	4,445,025	-----	4,445,025	168,003	-----	168,003
Porterville State Hospital.....	627	2,378,303	-----	2,378,303	3,576,023	-----	3,576,023	5,425,176	-----	5,425,176
Sonoma State Hospital.....	635	4,959,602	-----	4,959,602	5,692,989	-----	5,692,989	4,383,012	-----	4,383,012
Totals, Department of Mental Hygiene.....	641							6,091,453	-----	6,091,453
Alcoholic Rehabilitation Commission.....										
Totals, Mental Hygiene.....										
Totals, Department of Mental Hygiene.....		\$62,662,171	-----	\$62,662,171	\$72,066,487	-----	\$72,066,487	\$79,714,381	-----	\$79,714,381
Alcoholic Rehabilitation Commission.....	649	49,186	-----	49,186	209,654	-----	209,654	536,332	-----	536,332
Totals, Mental Hygiene.....		\$62,711,357	-----	\$62,711,357	\$72,276,141	-----	\$72,276,141	\$80,250,713	-----	\$80,250,713
Military Affairs:										
Military Department:										
Adjutant General, National Guard and National Guard Reserve.....	651	\$2,119,002	-----	\$2,119,002	\$2,335,962	-----	\$2,335,962	\$2,511,571	-----	\$2,511,571
California Cadet Corps.....	651	198,461	-----	198,461	254,191	-----	254,191	291,159	-----	291,159
Totals, Military Affairs.....		\$2,317,463	-----	\$2,317,463	\$2,590,153	-----	\$2,590,153	\$2,802,730	-----	\$2,802,730
Motor Vehicles:										
Department of Motor Vehicles.....	661	-----	\$16,400,358	\$16,400,358	\$12,000	\$17,836,296	\$17,848,296	\$15,000	\$19,287,823	\$19,302,823

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS										
—Continued										
ADMINISTRATIVE—Continued										
Natural Resources:										
Fish and Game:										
Department of Fish and Game.....	675		\$7,027,017	\$7,027,017		\$7,761,926	\$7,761,926		\$8,262,707	\$8,262,707
Marine Research Committee.....	712		84,733	84,733		74,940	74,940		100,000	100,000
Wildlife Conservation Board.....	713		37,815	37,815		46,811	46,811		51,382	51,382
Totals, Fish and Game.....			\$7,149,565	\$7,149,565		\$7,883,677	\$7,883,677		\$8,414,089	\$8,414,089
Department of Natural Resources:										
Departmental Administration.....	715	\$276,781	\$2,958	\$279,739	\$296,215	\$3,400	\$299,615	\$302,540	\$4,760	\$307,300
Division of Beaches and Parks.....	718	1,536,059	1,270,585	2,806,644		3,418,980	3,418,980		3,793,970	3,793,970
Division of Forestry.....	727	10,321,612		10,321,612	11,487,536		11,487,536	11,848,398		11,848,398
Division of Mines.....	743	494,969		494,969	528,581		528,581	545,283		545,283
Division of Oil and Gas.....	746		536,373	536,373		586,824	586,824		617,180	617,180
Division of Soil Conservation.....	748	45,602		45,602	65,515		65,515	72,462		72,462
Totals, Department of Natural Resources.....		\$12,675,023	\$1,809,916	\$14,484,939	\$12,377,847	\$4,009,204	\$16,387,051	\$12,768,683	\$4,415,910	\$17,184,593
Totals, Natural Resources.....		\$12,675,023	\$8,959,481	\$21,634,504	\$12,377,847	\$11,892,881	\$24,270,728	\$12,768,683	\$12,829,999	\$25,598,682
Public Health:										
Department of Public Health.....	750	\$4,145,983		\$4,145,983	\$4,685,005		\$4,685,005	\$4,810,671		\$4,810,671
Water Pollution Control Board.....	777	470,287		470,287	568,826	\$20,000	588,826	650,561		650,561
Totals, Public Health.....		\$4,616,270		\$4,616,270	\$5,253,831	\$20,000	\$5,273,831	\$5,461,232		\$5,461,232
Public Works:										
Department of Public Works:										
Departmental Administration.....	781	\$79,196		\$79,196	\$88,253		\$88,253	\$82,984		\$82,984
Division of Architecture.....	784	70,489	\$780,320	\$850,809	99,637	\$904,778	1,004,415	126,789	\$903,522	\$1,030,311
Division of Highways.....	787		32,561,437	32,561,437		33,743,993	33,743,993		33,936,000	33,936,000
Division of San Francisco Bay Toll Crossings.....	799				53,000		53,000			
Division of Water Resources.....	800	3,247,112	150,000	3,397,112	2,944,190		2,944,190	3,149,603		3,149,603
Totals, Department of Public Works.....		\$3,396,797	\$33,491,757	\$36,888,554	\$3,185,080	\$34,648,771	\$37,833,851	\$3,359,376	\$34,839,522	\$38,198,898

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
	STATE OPERATIONS —Continued									
	ADMINISTRATIVE—Continued									
	Public Works—Continued									
816	Aeronautics Commission	\$106,466		\$106,466	\$48,654		\$48,654	\$53,189		\$53,189
818	Colorado River Board	159,829		159,829	239,248		239,248	247,946		247,946
820	Colorado River Boundary Commission	54,437	\$54,437	108,874		\$25,277	25,277		\$26,309	26,309
821	Klamath River Commission	21,001		21,001	40,100		40,100	64,871		64,871
	California-Nevada Interstate Compact Commission				33,897		33,897	76,222		76,222
822	Reclamation Board	184,210		184,210	208,611		208,611	224,632		224,632
823	San Francisco Bay Area Rapid Transit Commission	125,127		125,127	30,581		30,581	19,533		19,533
825	Water Resources Board	694,661	5,126	699,787	745,945		745,945	1,208,308		1,208,308
827	Water Project Authority	113,652	112,853	226,505	258,142		258,142	462,672		462,672
830										
	Totals, Public Works	\$4,801,617	\$33,664,173	\$38,465,790	\$4,790,258	\$34,787,315	\$39,577,573	\$5,716,749	\$34,865,831	\$40,582,580
	Regulation and Licensing:									
	Department of Alcoholic Beverage Con- trol									
834	Alcoholic Beverage Control Appeals Board	\$1,410,066		\$1,410,066	\$3,003,266		\$3,003,266	\$3,000,211		\$3,000,211
838	Districts' Securities Commission	41,093		41,093	83,496		83,496	92,949		92,949
839	Horse Racing Board	43,513		43,513	50,277		50,277	52,320		52,320
840			\$127,667	127,667		\$151,150	151,150		\$159,429	159,429
	Department of Investment:									
842	Banking Department		342,954	342,954		404,266	404,266		456,259	456,259
844	Division of Corporations	712,570		712,570	797,373		797,373	897,993		897,993
846	Department of Insurance		1,414,414	1,414,414		1,543,080	1,543,080		1,552,496	1,552,496
853	Division of Real Estate		922,571	922,571		1,071,810	1,071,810		1,216,275	1,216,275
856	Division of Savings and Loan		220,819	220,819		305,497	305,497		335,570	335,570
	Totals, Department of Investment	\$712,570	\$2,900,758	\$3,613,328	\$797,373	\$3,324,653	\$4,122,026	\$897,993	\$3,560,600	\$4,458,593
858	Board of Osteopathic Examiners		\$47,787	\$47,787		\$53,512	\$53,512		\$55,438	\$55,438
860	Board of Pilot Commissioners for Harbor of San Diego				\$895		\$895	\$1,000		1,000
	Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun		11,420	11,420		13,453	13,453		13,426	13,426
861										
	Department of Professional and Voca- tional Standards:									
868	Division of Administrative Procedure									
871	Board of Accountancy	\$111,548		\$111,548	\$130,916		\$130,916	\$156,660		\$156,660
873	Board of Architectural Examiners	154,267	\$154,267	308,534		\$167,436	167,436		\$173,790	173,790
875	Athletic Commission	51,061		51,061		57,553	57,553		58,348	58,348
877	Board of Barber Examiners	118,746		118,746		173,875	173,875		126,878	126,878
879	Cemetery Board	120,943		120,943		124,903	124,903		126,645	126,645
881	Board of Chiropractic Examiners	25,515		25,515		35,115	35,115		36,661	36,661
	Board of Registration for Civil and Professional Engineers	53,909		53,909		60,123	60,123		61,118	61,118
883			223,250	223,250		255,718	255,718		258,737	258,737

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS —Continued										
ADMINISTRATIVE—Continued										
Regulation and Licensing—Continued										
Department of Professional and Vocational Standards—Continued										
Contractors License Board.....	885		640,122	640,122		709,742	709,742		759,707	759,707
Board of Cosmetology.....	888		186,677	186,677		208,516	208,516		210,200	210,200
Board of Dental Examiners.....	890		71,819	71,819		90,669	90,669		98,204	98,204
Board of Dry Cleaners.....	892		190,553	190,553		227,579	227,579		228,442	228,442
Board of Funeral Directors and Embalmers.....	894		46,601	46,601		48,613	48,613		51,159	51,159
Bureau of Furniture and Bedding Inspection.....	896		204,344	204,344		242,040	242,040		245,267	245,267
Board of Guide Dogs for the Blind.....	899	98		98	650		650	751		751
Board of Landscape Architects.....	900		11,378	11,378		13,158	13,158		13,459	13,459
Board of Medical Examiners.....	902		238,056	238,056		269,773	269,773		280,017	280,017
Board of Nurse Examiners.....	906		147,613	147,613		153,037	153,037		166,911	166,911
Board of Optometry.....	908		34,678	34,678		38,253	38,253		39,387	39,387
Board of Pharmacy.....	910		193,019	193,019		210,556	210,556		231,212	231,112
Bureau of Private Investigators and Adjusters.....	912		30,357	30,357		33,033	33,033		34,836	34,836
Certified Shorthand Reporters Board.....	914		11,482	11,482		13,855	13,855		14,440	14,440
Board of Social Work Examiners.....	916		17,353	17,353		21,359	21,359		20,739	20,739
Structural Pest Control Board.....	918		52,250	52,250		56,857	56,857		58,518	58,518
Board of Examiners in Veterinary Medicine.....	920		16,158	16,158		18,967	18,967		18,982	18,982
Board of Vocational Nurse Examiners.....	922		37,612	37,612		43,725	43,725		44,560	44,560
Yacht and Ship Brokers Commission.....	924		18,106	18,106		17,779	17,779		18,071	18,071
Totals, Department of Professional and Vocational Standards.....		\$111,646	\$2,895,869	\$3,007,515	\$131,566	\$3,292,234	\$3,423,800	\$157,411	\$3,382,288	\$3,539,699
Public Utilities Commission.....	926	\$2,069,751	\$1,744,116	\$3,813,867	\$2,294,296	\$1,872,811	\$4,167,107	\$2,363,206	\$1,919,358	\$4,282,564
Totals, Regulation and Licensing.....		\$4,388,639	\$7,727,617	\$12,116,256	\$6,361,169	\$8,707,813	\$15,068,982	\$6,565,090	\$9,090,539	\$15,655,629
Social Welfare:										
Department of Social Welfare.....	936	\$2,153,969		\$2,153,969	\$2,362,578		\$2,362,578	\$2,437,437		\$2,437,437
Recreation Commission.....	948	89,461		89,461	93,518		93,518	99,466		99,400
Citizen's Advisory Committee on Aging.....	949				11,268		11,268	29,553		29,553
Totals, Social Welfare.....		\$2,243,430		\$2,243,430	\$2,467,364		\$2,467,364	\$2,560,456		\$2,560,456
Veterans Affairs:										
Department of Veterans Affairs:										
Departmental Administration.....	950	\$3,217,413	\$210,550	\$3,427,963	\$3,533,390	\$293,300	\$3,826,690	\$3,694,691	\$343,400	\$4,038,091
Veterans Home.....	956	1,806,511		1,806,511	1,894,155	65,000	1,959,155	2,304,954	35,000	2,339,954
Woman's Relief Corps Home.....	964	46,769		46,769	43,741		43,741	39,500		39,500
Totals, Veterans Affairs.....		\$5,070,693	\$210,550	\$5,281,243	\$5,471,286	\$358,300	\$5,829,586	\$6,039,145	\$378,400	\$6,417,515

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
STATE OPERATIONS —Continued										
ADMINISTRATIVE—Continued										
Miscellaneous:										
Workmen's compensation benefits.....	905	\$907,329	-----	\$907,329	\$980,090	-----	\$980,090	\$1,120,000	-----	\$1,120,000
Workmen's compensation for subsequent injuries.....	905	255,946	-----	255,946	343,000	-----	343,000	410,000	-----	410,000
Refunds of taxes, licenses, and other fees.....	906	0,579	-----	0,579	15,000	-----	15,000	15,000	-----	15,000
Legislative claims.....	906	47,449	-----	47,449	192,552	-----	192,552	18,284	-----	18,284
Permanent revolving funds.....	908	151,994	-----	151,994	494,480	-----	494,480	98,600	-----	98,600
Employees retirement contribution for statutory officers.....	908	8,820	-----	8,820	0,000	-----	0,000	0,500	-----	0,500
Totals, Miscellaneous.....		\$1,381,090	\$66,809	\$1,447,905	\$2,034,032	\$71,485	\$2,105,517	\$1,677,384	\$12,230	\$1,689,614
Provision for Salary Increase.....	999	-----	-----	-----	-----	-----	-----	12,041,532	5,015,215	17,056,747
TOTALS, ADMINISTRATIVE.....		\$250,210,333	\$101,357,172	\$360,567,505	\$291,142,574	\$111,980,530	\$402,823,104	\$330,540,751	\$123,120,084	\$453,660,835
Credits to General Fund for Overhead Services Charged to Agencies Supported from Special Funds.....		\$—2,005,601	-----	\$—2,005,601	\$—2,135,780	-----	\$—2,135,780	\$—2,250,000	-----	\$—2,250,000
NET TOTALS, ADMINISTRATIVE.....		\$257,144,732	\$101,357,172	\$358,501,904	\$289,006,794	\$111,980,530	\$400,687,324	\$328,290,751	\$123,120,084	\$451,410,835
TOTALS, LEGISLATIVE, JUDICIAL, EXECUTIVE AND ADMINISTRATIVE.....		\$291,432,454	\$103,738,068	\$395,170,522	\$293,010,309	\$114,261,530	\$407,871,839	\$333,194,347	\$126,015,084	\$459,189,431
Reserve for Contingencies.....	071	-----	-----	-----	\$1,437,693	-----	\$1,437,693	\$2,000,000	-----	\$2,000,000
Debt Service:										
Bond Interest and Redemption.....	975	\$2,512,000	\$846,401	\$3,358,401	\$2,436,625	\$822,185	\$3,258,810	\$2,596,042	\$594,299	\$3,190,341
NET TOTALS, STATE OPERATIONS.....		\$293,944,454	\$104,584,469	\$398,528,923	\$297,484,507	\$115,083,715	\$412,568,222	\$337,760,389	\$126,609,383	\$464,169,772

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
CAPITAL OUTLAY										
Governors Office:										
Office of Civil Defense.....	990	\$104,066		\$104,066						
Agriculture:										
Department of Agriculture.....	993		\$165,698	165,698		\$240,403	\$240,403		\$6,908	\$6,908
Poultry Improvement Commission.....	995		26,260	26,260		119,200	119,200		58,350	58,350
Totals, Agriculture.....			\$191,958	\$191,958		\$359,603	\$359,603		\$65,258	\$65,258
Corrections:										
Department of Corrections:										
Departmental Administration.....	998		\$-2,024	\$-2,024						
Medical Facility.....	1000		3,016,927	3,016,927		\$-301,736	\$-301,736		\$12,000	\$12,000
Men's Colony.....	1002		380,826	380,826		230,164	230,164		868,230	868,230
Correctional Facility, Chino.....	1003		-19,036	-19,036		22,000	22,000			
Institution for Men, Chino.....	1007		814,057	814,057		389,013	389,013		252,205	252,205
State Prison at Folsom.....	1010		172,726	172,726		262,550	262,550		331,270	331,270
State Prison at San Quentin.....	1013		222,046	222,046		476,174	476,174		56,215	56,215
State Prison at Soledad.....	1016		37,865	37,865		7,244,367	7,244,367		647,720	647,720
Deuel Vocational Institution.....	1018		111,467	111,467		218,597	218,597		24,230	24,230
Institution for Women.....	1020		-44,663	-44,663		948,347	948,347		818,550	818,550
Totals, Department of Corrections.....			\$4,690,191	\$4,690,191		\$9,459,476	\$9,459,476		\$3,010,420	\$3,010,420
Youth Authority:										
Youth Training School.....	1025		\$35,000	\$35,000		\$105,000	\$105,000		\$5,938,300	\$5,938,300
Northern California Reception Center and Clinic.....	1027		4,973	4,973		45,059	45,059		384,400	384,400
Southern California Reception Center and Clinic.....	1029		53,788	53,788		40,182	40,182		24,460	24,460
Forestry Camps for Boys.....	1030		7,500	7,500					10,950	10,950
Priest Ranch School for Boys.....	1032		1,486	1,486					115,150	115,150
Fred C. Nelles School for Boys.....	1035		321,261	321,261		261,730	261,730		147,530	147,530
Paso Robles School for Boys.....	1039		246,987	246,987		963,142	963,142		1,090,765	1,090,765
Preston School of Industry.....	1043		596,529	596,529		231,544	231,544		767,350	767,350
Los Guillicos School for Girls.....	1046		212,471	212,471		752,084	752,084		4,100	4,100
Ventura School for Girls.....	1048		5,937	5,937		92,753	92,753		50,000	50,000
Totals, Youth Authority.....			\$1,485,932	\$1,485,932		\$2,364,899	\$2,364,899		\$8,533,005	\$8,533,005
Totals, Corrections.....			\$6,176,123	\$6,176,123		\$11,854,375	\$11,854,375		\$11,543,425	\$11,543,425

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
CAPITAL OUTLAY—Continued										
Education:										
Department of Education:										
Departmental Administration:										
State Colleges and Technical Schools:										
Chico State College.....	1054		\$152,924	\$152,924		\$2,554	\$2,554			
Fresno State College.....	1058		463,248	463,248		1,097,598	1,097,598		\$1,105,630	\$1,105,630
Humboldt State College.....	1066	\$327,510	1,421,209	1,748,719		2,070,302	2,070,302		1,864,150	1,864,150
Long Beach State College.....	1070		250,944	250,944		1,653,205	1,653,205		339,075	339,075
Los Angeles State College of Applied Arts and Sciences.....	1074		1,370,357	1,370,357		2,251,951	2,251,951		4,960,575	4,960,575
Sacramento State College.....	1077		2,351,897	2,351,897		2,419,819	2,419,819		12,844,150	12,844,150
San Diego State College.....	1081		193,314	193,314		1,524,014	1,524,014		2,312,900	2,312,900
San Francisco State College.....	1085		856,926	856,926		3,874,165	3,874,165		2,171,575	2,171,575
San Jose State College.....	1089		325,731	325,731		1,840,920	1,840,920		1,793,300	1,793,300
California State Polytechnic College.....	1093		3,983,094	3,983,094		2,689,342	2,689,342		1,174,460	1,174,460
California Maritime Academy.....	1099		3,255,031	3,255,031		4,392,941	4,392,941		4,205,020	4,205,020
	1101		57,961	57,961		22,039	22,039		646,300	646,300
Totals, State Colleges and Technical Schools.....		\$327,510	\$14,529,712	\$14,857,222		\$23,836,296	\$23,836,296		\$33,417,135	\$33,417,135
Special Schools for Physically Handicapped Children:										
California School for the Blind.....	1103		\$—3,559	\$—3,559		\$372,500	\$372,500		\$6,175	\$6,175
California School for the Deaf, Berkeley.....	1105		649,310	649,310		24,893	24,893		6,440	6,440
California School for the Deaf, Riverside.....	1107		741,145	741,145		1,406,004	1,406,004		113,933	113,933
School for Cerebral Palsied Children, Northern California.....	1108		33,031	33,031		32,839	32,839			
School for Cerebral Palsied Children, Southern California.....	1109								2,400	2,400
Orientation Centers for the Adult Blind: Oakland Orientation Center.....	1110		—370	—370					1,500	1,500
California Industries for the Blind: Los Angeles Center.....	1111		2,855	2,855		625	625		1,800	1,800
Oakland Center.....	1113		10,561	10,561		25,710	25,710			
San Diego Center.....	1114		—1,597	—1,597		500	500			
Totals, Department of Education.....		\$327,510	\$16,114,012	\$16,441,522		\$25,701,921	\$25,701,921		\$33,549,383	\$33,549,383
University of California.....	1126		9,060,482	9,060,482		12,698,295	12,698,295		16,077,001	16,077,001
Totals, Education.....		\$327,510	\$25,174,494	\$25,502,004		\$38,400,216	\$38,400,216		\$49,626,384	\$49,626,384
Employment:										
Department of Employment Contingent Fund.....	1127		\$—939,968	\$—939,968		\$—437,715	\$—437,715		\$—352,756	\$—352,756

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
CAPITAL OUTLAY—Continued										
Fiscal Affairs:										
Department of Finance	1135	\$—32,180	\$403,747	\$371,567	\$—31,083	\$3,927,152	\$3,896,069	\$—32,173	\$1,827,850	\$1,795,677
State Lands Division	1135		4,000	4,000		1,670	1,670			
Fairs and Expositions Division:										
State Fair and Exposition	1139		302,530	302,530		443,760	443,760		298,557	298,557
Sixth District Agricultural Association	1141	—50,574	—65,199	—115,773	—58,405	—126,250	—184,655	—54,500	10,000	—41,500
District Agricultural Associations	1142		1,480,293	1,480,293		4,479,863	4,479,863		2,297,128	2,297,128
Totals, Fairs and Expositions Division		\$—50,574	\$1,717,624	\$1,667,050	\$—58,405	\$4,797,373	\$4,738,968	\$—54,500	\$2,605,685	\$2,551,185
Totals, Fiscal Affairs		\$—82,754	\$2,125,371	\$2,042,617	\$—89,488	\$8,726,195	\$8,636,707	\$—86,673	\$4,433,555	\$4,346,862
Highway Patrol:										
Department of California Highway Patrol	1147		\$38,250	\$38,250		\$72,150	\$72,150		\$516,080	\$516,080
Mental Hygiene:										
Department of Mental Hygiene:										
Departmental Administration	1153		\$—24,738	\$—24,738		\$—29,094	\$—29,094			
Mental Clinics:										
Langley Porter Clinic	1155		5,212	5,212		52,378	52,378		\$881,400	\$881,400
Neuropsychiatric Institute at University of California, Los Angeles	1156									
Mental Hospitals:										
Agnews State Hospital	1160		267,366	267,366		4,437,124	4,437,124		1,963,310	1,963,310
Atascadero State Hospital	1162		76,790	76,790		59,147	59,147		11,825	11,825
Camarillo State Hospital	1166		1,118,054	1,118,054		318,068	318,068		766,210	766,210
DeWitt State Hospital	1168		138,048	138,048		174,334	174,334		102,550	102,550
Mendocino State Hospital	1172		298,689	298,689		985,079	985,079		501,425	501,425
Metropolitan State Hospital	1176		7,848,970	7,848,970		2,657,020	2,657,020		2,727,000	2,727,000
Modesto State Hospital	1178		118,238	118,238		184,792	184,792		60,000	60,000
Napa State Hospital	1181		—269,600	—269,600		494,998	494,998		166,360	166,360
Patton State Hospital	1186		99,735	99,735		5,560,573	5,560,573		2,179,050	2,179,050
Stockton State Hospital	1190		220,104	220,104		397,033	397,033		84,350	84,350
New Mental Hospital, near San Francisco	1191					16,500	16,500		284,900	284,900
Institutions for Mental Defectives:										
Fairview State Hospital	1194		\$37,000	\$37,000		\$33,253	\$33,253		\$5,485,590	\$5,485,590
Pacific State Hospital	1199		1,530,600	1,530,600		250,959	250,959		1,544,000	1,544,000
Porterville State Hospital	1202		—55,193	—55,193		386,768	386,768		85,950	85,950
Sonoma State Hospital	1206		1,162,545	1,162,545		4,443,902	4,443,902		1,043,650	1,043,650
Totals, Mental Hygiene			\$12,571,820	\$12,571,820		\$25,762,834	\$25,762,834		\$17,887,570	\$17,887,570
Military Affairs:										
Military Department	1215	\$14,703	\$107,197	\$121,900		\$1,381,153	\$1,381,153		\$224,000	\$224,000
Motor Vehicles:										
Department of Motor Vehicles	1218		\$227,022	\$227,022		\$572,725	\$572,725		\$633,835	\$633,835

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57			
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	
CAPITAL OUTLAY—Continued											
Natural Resources:											
Department of Fish and Game.....	1221		\$112,882	\$112,882		\$143,805	\$143,805		\$656,925	\$656,925	
Wildlife Conservation Board.....	1222		1,896,590	1,896,590		2,093,985	2,093,985		1,680,452	1,680,452	
Division of Beaches and Parks.....	1268		714,524	714,524	\$—303,863	5,667,863	5,364,000		13,890,726	13,890,726	
Division of Forestry.....	1276		1,425,725	1,425,725		2,303,678	2,303,678		2,418,056	2,418,056	
Division of Oil and Gas.....	1278					16,000	16,000		3,500	3,500	
Totals, Natural Resources.....			\$4,149,721	\$4,149,721	\$—303,863	\$10,225,331	\$9,921,468		\$18,649,659	\$18,649,659	
California Olympic Commission.....	1279					\$99,455	\$99,455		\$4,900,545	\$4,900,545	
Public Health:											
Department of Public Health.....	1281		\$70,127	\$70,127		\$30,196	\$30,196		\$118,055	\$118,055	
Public Works:											
Division of Architecture.....	1283	\$385,088	\$—29,775	\$355,313	\$64,000		\$64,000				
Division of Highways.....	1284		224,953,134	224,953,134	—655,501		235,653,461		\$237,162,456	\$237,162,456	
Division of Water Resources.....	1340	15,000	15,000	30,000		4,000	4,000		40,300	40,300	
Reclamation Board.....	1342		1,435,448	1,435,448		2,234,783	2,234,783		2,300,000	2,300,000	
Water Project Authority.....	1344	273,915		273,915				\$5,160,000		\$5,160,000	
Totals, Public Works.....		\$674,003	\$226,373,807	\$227,047,810	\$—591,501	\$238,547,745	\$237,956,244	\$5,160,000	\$239,502,756	\$244,662,756	
Veterans Affairs:											
Veterans' Home of California.....	1349		\$723,204	\$723,204		\$582,573	\$582,573		\$104,720	\$104,720	
Woman's Relief Corp Home.....	1350		5,045	5,045							
Totals, Veterans Affairs.....			\$728,249	\$728,249		\$582,573	\$582,573		\$104,720	\$104,720	
Unallocated Increased Cost of State Building Program and Miscellaneous Repairs and Improvements.....											
	1351					\$700,000	\$700,000		\$5,000,000	\$5,000,000	
TOTAL, CAPITAL OUTLAY BUDGET.....		\$1,037,528	\$276,994,171	\$278,031,699	\$—984,852	\$336,876,836	\$335,891,984	\$5,073,327	\$352,853,066	\$357,926,393	

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref-er-ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
LOCAL ASSISTANCE										
SUBVENTIONS:										
For Education:										
Appointments for Public Schools.....	1354	\$394,018,185	\$4,213,247	\$398,231,432	\$425,327,098	\$4,400,000	\$429,727,098	\$456,832,160	\$4,400,000	\$461,232,160
Vocational Education.....	1356	373,254	-----	373,254	318,554	-----	318,554	313,432	-----	313,432
Child Care Centers.....	1357	3,864,632	-----	3,864,632	4,392,300	-----	4,392,300	4,604,048	-----	4,604,048
School Building Construction.....	1357	—240,734	-----	—240,734	-----	-----	-----	-----	-----	-----
Debt Service on Public School Building Bonds.....	1357	6,862,195	1,239,437	8,101,632	8,196,353	1,253,012	9,449,365	7,897,425	1,115,789	9,013,214
Contributions to Teachers' Retirement System.....	1361	22,920,000	-----	22,920,000	25,585,000	-----	25,585,000	26,764,000	-----	26,764,000
Free Textbooks.....	1363	2,445,562	-----	2,445,562	5,730,419	-----	5,730,419	6,107,413	-----	6,107,413
Totals, Education.....		\$430,243,094	\$5,452,684	\$435,695,778	\$469,549,724	\$5,653,012	\$475,202,736	\$502,518,478	\$5,515,789	\$508,034,267
For Public Health:										
Assistance to Local Health Departments, Assistance to Counties without Local Health Departments.....	1364	\$3,118,944	-----	\$3,118,944	\$3,234,896	-----	\$3,234,896	\$3,364,032	-----	\$3,364,032
Assistance to Counties for Tuberculosis Sanatoria.....	1365	7,409	-----	7,409	40,557	-----	40,557	87,813	-----	87,813
Assistance to Counties for Care of Crip-pled Children.....	1366	4,946,257	-----	4,946,257	4,696,257	-----	4,696,257	4,446,257	-----	4,446,257
Assistance to School Districts for the Treatment of Cerebral Palsied Children.....	1366	2,912,818	-----	2,912,818	3,635,020	-----	3,635,020	3,853,285	-----	3,853,285
Assistance to Local Agencies for Mos-quito Control.....	1367	526,072	-----	526,072	671,307	-----	671,307	728,572	-----	728,572
Assistance to Local and Nonprofit Agen-cies for Hospital Construction.....	1367	392,825	-----	392,825	400,000	-----	400,000	400,000	-----	400,000
	1367	1,203,838	-----	1,203,838	4,119,014	-----	4,119,014	4,545,439	-----	4,545,439
Totals, Public Health.....		\$13,108,163	-----	\$13,108,163	\$16,797,051	-----	\$16,797,051	\$17,425,398	-----	\$17,425,398
For Public Works:										
Local Roads and Highways.....	1368	-----	\$2,687,015	\$2,687,015	-----	\$4,781,281	\$4,781,281	\$3,707,000	-----	\$3,707,000
Flood Control.....	1369	-----	1,652,368	1,652,368	-----	4,896,774	4,896,774	13,340,500	-----	13,340,500
Sacramento Deep Water Channel.....	1369	\$16,200	-----	16,200	\$78,030	-----	78,030	665,000	-----	665,000
Postwar Public Works Projects.....	1370	-----	1,266,485	1,266,485	-----	1,120,000	1,120,000	—10,000	-----	—10,000
Redondo Beach Sea Wall.....	1370	—10,000	-----	—10,000	—10,000	-----	—10,000	—10,000	-----	—10,000
Grade Crossing Protection Works.....	1370	-----	192,052	192,052	-----	282,814	282,814	-----	-----	-----
Storm and Flood Damage Repairs.....	1371	1,679	14,710	16,389	-----	-----	-----	-----	-----	-----
Earthquake Damage Repair.....	1372	—52,771	-----	—52,771	—52,822	-----	—52,822	—52,874	-----	—52,874
Veteran's Housing.....	1372	—987,485	-----	—987,485	—920,000	-----	—920,000	—110,000	-----	—110,000
Totals, Public Works.....		—\$1,032,377	\$5,812,630	\$4,780,253	—\$904,792	\$11,080,869	\$10,176,077	—\$172,874	\$17,712,500	\$17,539,626

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
LOCAL ASSISTANCE—Continued										
SUBVENTIONS—Continued										
For Social Welfare:										
Assistance Payments:										
Old Age Security.....	1375	\$98,637,135		\$98,637,135	\$104,915,500		\$104,915,500	\$108,408,500		\$108,408,500
Aid to the Needy Blind.....	1376	5,477,112		5,477,112	6,098,800		6,098,800	6,405,700		6,405,700
Aid to Partially Self-supporting Blind.....	1377	364,387		364,387	370,400		370,400	378,200		378,200
Aid for Institutional Care of Needy, Aged and Blind.....	1377	1,437,002		1,437,002	355,000		355,000			
Aid to Needy Children.....	1378	33,411,037		33,411,037	34,877,450		34,877,450	35,013,300		35,013,300
Totals, Assistance.....		\$139,326,673		\$139,326,673	\$146,617,150		\$146,617,150	\$150,205,700		\$150,205,700
Local Administration:										
Local Inspection of Homes and Agencies Caring for Aged or Children	1379	\$957,539		\$957,539	\$971,536		\$971,536	\$989,400		\$989,400
Reimbursements to Counties for Administration and Cost of Care of Adoptions.....	1379	1,169,750		1,169,750	1,402,731		1,402,731	1,554,983		1,554,983
Transportation of Needy Children.....	1381	1,954		1,954	2,500		2,500	2,500		2,500
Totals, Local Administration.....		\$2,129,243		\$2,129,243	\$2,376,767		\$2,376,767	\$2,546,883		\$2,546,883
Totals, Social Welfare.....										
		\$141,455,916		\$141,455,916	\$148,993,917		\$148,993,917	\$152,752,583		\$152,752,583
For Other Purposes:										
Salaries of Superior Court Judges	1382	\$1,753,304		\$1,753,304	\$2,039,533		\$2,039,533	\$2,117,000		\$2,117,000
Contributions to Judges Retirement Fund for Superior and Municipal Court Judges.....	1382	145,414		145,414	166,885		166,885	171,676		171,676
County Veterans' Service Officers.....	1383	349,230		349,230	350,000		350,000	350,000		350,000
County Agricultural Commissioners.....	1383	137,425		137,425	142,910		142,910	145,666		145,666
Workmen's Compensation for Civil Defense Workers.....	1383	11,320		11,320	25,000		25,000	25,000		25,000
Assistance to Counties for Juvenile Homes and Camps.....	1384	863,467		863,467	951,740		951,740	1,243,000		1,243,000
Assistance to County Agricultural Fairs and Citrus Fairs.....	1384		\$2,818,100	2,818,100		\$4,121,319	4,121,319		\$2,971,915	2,971,915
Totals, Other Purposes.....		\$3,260,160	\$2,818,100	\$6,078,260	\$3,676,068	\$4,121,319	\$7,797,387	\$4,052,342	\$2,971,915	\$7,024,257
Totals, SUBVENTIONS.....										
		\$587,034,956	\$14,083,414	\$601,118,370	\$638,111,968	\$29,855,200	\$658,967,168	\$676,575,927	\$26,200,204	\$702,776,131
SHARED REVENUES:										
For General Government:										
Apportionment of Liquor License Fees.....	1385		\$9,040,615	\$9,040,615		\$8,585,000	\$8,585,000		\$9,100,000	\$9,100,000
Apportionment of Motor Vehicle License Fees.....	1385		79,781,171	79,781,171		94,723,147	94,723,147		103,273,147	103,273,147
Totals, General Government.....			\$88,821,786	\$88,821,786		\$103,308,147	\$103,308,147		\$112,373,147	\$112,373,147

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Ref- er- ence	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
		General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
LOCAL ASSISTANCE—Continued										
SHARED REVENUES—Continued										
For County Roads:										
Apportionment of Motor Vehicle Fuel	1386		\$53,529,953	\$53,529,953		\$58,149,468	\$58,149,468		\$59,772,625	\$59,772,625
Taxes										
Apportionment of Motor Vehicle Regis-	1386		9,273,700	9,273,700		9,585,316	9,585,316		10,454,640	10,454,640
tration and Weight Fees										
Totals, County Roads			\$62,803,653	\$62,803,653		\$67,734,784	\$67,734,784		\$70,227,265	\$70,227,265
For County Airports:										
Apportionment of Motor Vehicle Fuel	1386		\$294,339	\$294,339		\$350,000	\$350,000		\$350,000	\$350,000
Taxes										
For City Streets:										
Apportionment of Motor Vehicle Fuel	1386		22,852,904	22,852,904		27,343,576	27,343,576		28,119,375	28,119,375
Taxes										
TOTALS, SHARED REVENUES		\$587,034,956	\$188,856,096	\$775,891,052	\$638,111,968	\$198,736,507	\$836,848,475	\$676,575,927	\$237,269,991	\$913,845,918
TOTALS, LOCAL ASSISTANCE										
GRAND TOTALS EXPENDITURES										
STATE OPERATIONS		\$263,944,454	\$104,584,469	\$368,528,923	\$297,484,597	\$115,083,715	\$412,568,312	\$337,760,389	\$126,580,283	\$464,340,672
CAPITAL OUTLAY		1,037,528	276,994,171	278,031,699	—984,852	330,876,836	335,801,984	5,073,327	352,853,066	357,926,393
LOCAL ASSISTANCE		587,034,956	188,856,096	775,891,052	638,111,968	219,591,707	\$57,703,675	676,575,927	237,269,991	913,845,918
TOTALS		\$852,016,938	\$570,434,736	\$1,422,451,674	\$934,611,713	\$671,552,258	\$1,606,163,971	\$1,019,409,643	\$716,703,340	\$1,736,112,983

Schedule 4
GENERAL FUND—STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 1955

ASSETS		
Cash		
In State Treasury.....	\$41,853,853	
In Transit from Agencies.....	2,271,920	
In Agency Accounts.....	1,641,069	
Total Cash.....		\$45,766,842
Agency Revolving Funds.....		1,894,050
Bond Investments.....		28,609,079
Accounts Receivable—Current		
Due from Other Funds.....	\$443,597	
Equities in Feeder Funds.....	9,774,258	
Abatements and Reimbursements.....	3,623,288	
Advances to Counties for Aid to Needy Aged, Blind and Children.....	11,503,406	
Total Accounts Receivable—Current.....		25,344,549
Accounts Receivable—Other (Fully Reserved)		
Unreimbursed Debt Service on Public School Building Bonds.....	\$25,460,852	
Revenues Receivable.....	9,447,617	
Sundry Accounts Receivable.....	839,361	
Due from Other Governmental Agencies and Funds.....	4,212,264	
Total Accounts Receivable—Other.....		39,960,094
TOTAL ASSETS.....		<u>\$141,574,614</u>

LIABILITIES AND RESERVES		
Liabilities		
Claims Payable.....	\$2,622,434	
Accounts Payable.....	18,835,544	
Due to Other Funds.....	2,112,319	
Total Liabilities.....		\$23,570,297
Reserves		
Uncollected Accounts Receivable.....	\$39,960,094	
Prepaid Appropriation Reimbursements and Deferred Expenditure Abate- ments.....	1,199,638	
Uncleared Collections.....	321,507	
Prepaid Revenue, 1955-56 Fiscal Year.....	34,170	
Total Reserves.....		41,515,409

SURPLUS		
Unappropriated Surplus.....	\$56,624,107	
Unencumbered Balances Estimated to Revert.....	15,147,923	
Unencumbered Appropriation Balances Chargeable to Subsequent Fiscal Years.....	4,716,878	
Accumulated Surplus Available for Expenditure.....		76,488,908
TOTAL LIABILITIES, RESERVES AND SURPLUS.....		<u>\$141,574,614</u>

**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1955,
JUNE 30, 1956, AND JUNE 30, 1957**

A-55

Schedule 5—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1955, JUNE 30, 1956, AND JUNE 30, 1957—Continued

Fund and Fiscal Year	Page Refer- ence	Accumulated surplus June 30, 1955	Estimated revenues 1955-56	Estimated expenditures 1955-56	Transfers between funds	Accumulated surplus June 30, 1956	Estimated revenues 1956-57	Estimated expenditures 1956-57	Transfers between funds	Accumulated surplus June 30, 1957
SPECIAL FUNDS:										
Accountancy Fund.....	872	\$403,619	\$108,510	\$197,436	-----	\$374,693	\$164,775	\$203,790	-----	\$833,678
Agriculture Fund.....	92	3,299,463	5,384,885	5,608,619	+ \$14,919	3,090,648	5,407,410	5,580,719	-----	2,917,839
Alcohol Beverage Control Fund.....	837	980,817	8,225,000	8,585,000	-----	629,817	9,075,000	9,100,000	-----	604,817
Architectural Examiners Fund.....	874	37,310	60,950	57,553	-----	40,707	72,745	58,348	-----	53,104
Architecture Public Building Fund.....	786	2,166,717	1,000,800	965,428	-----	2,202,089	1,000,800	972,113	-----	778,687
Assembly Contingent Fund.....	12	744,405	-----	990,000	+ 815,000	569,405	-----	1,125,000	+ 1,100,000	544,405
Athletic Commission Fund.....	876	136,468	138,682	238,904	-----	36,246	156,500	161,878	-----	30,868
Banking Fund.....	843	712,012	448,200	404,266	-----	755,946	509,200	455,259	-----	808,887
Barber Examiners Fund.....	878	34,468	124,935	124,935	-----	34,461	130,640	126,645	-----	38,466
Cemetery Fund.....	880	28,341	31,764	35,144	-----	24,961	34,250	36,661	-----	22,550
Chiropractic Examiners Fund.....	882	92,781	60,310	60,152	-----	92,939	62,860	61,118	-----	94,681
Collection Agency Fund.....	49	30,274	43,900	43,178	-----	30,996	55,650	44,146	-----	42,500
Contractors License Fund.....	887	357,531	649,620	709,771	-----	297,380	682,130	759,707	-----	219,803
Cosmetology Contingent Fund.....	889	143,869	202,805	208,545	-----	138,129	224,090	216,200	-----	146,019
Dairy Products Trust Fund.....	94	256,444	415,000	421,645	-----	249,799	415,014	423,014	-----	241,785
Dentistry Fund.....	891	70,346	69,909	90,660	-----	49,586	96,977	98,204	-----	48,359
Dry Cleaners Fund.....	893	154,877	202,686	227,008	-----	129,955	195,500	228,442	-----	97,013
Employment Contingent Fund.....	1128	1,000,000	804,127	397,183	-----	2,201,310	874,923	314,024	-----	3,390,257
Fair and Exposition Fund.....	1144	11,980,905	18,056,000	20,289,994	-----	8,986,053	18,340,000	17,795,839	-----	8,655,469
Fish and Game Preservation Fund.....	711	5,244,185	7,386,650	8,015,005	-----	4,615,830	7,594,130	9,019,632	-----	3,190,328
Funeral Directors and Embalmers Fund.....	895	46,353	44,430	48,642	-----	42,141	47,760	51,159	-----	38,742
Furniture and Bedding Inspection Fund.....	898	296,849	174,750	242,069	-----	229,530	174,000	245,267	-----	158,263
Highway Fund.....	1291	18,625,099	7,434,500	302,505,474	-----	10,298,217	10,986,600	302,925,907	-----	12,974,717
Highway Users Tax Fund.....	1293	-----	-----	67,734,784	-----	-----	-----	70,227,265	-----	-----
Insurance Fund.....	852	2,000,000	1,543,080	1,543,080	-----	2,000,000	1,552,496	1,552,496	-----	2,000,000
Itinerant Merchants Fund.....	439	8,959	27,000	23,110	-----	12,849	27,000	23,454	-----	16,395
Landscape Architect's Fund.....	901	13,182	23,435	13,187	-----	23,430	19,675	13,459	-----	29,646
Legislative Printing Fund.....	12	86,576	-----	600,000	-----	66,576	-----	725,000	-----	576
Medical Examiners Contingent Fund.....	905	572,412	273,365	256,952	+ 580,000	588,825	278,425	266,367	+ 659,000	600,883
Motor Vehicle Fund.....	673	10,707,761	107,720,145	34,705,529	-----	13,636,501	112,245,850	38,020,386	-----	15,893,893
Motor Vehicle Fuel Fund.....	440	24,236,955	274,208,000	1,601,086	-----	20,861,169	282,683,000	1,619,475	-----	29,624,694
Motor Vehicle License Fee Fund.....	674	4,414,260	98,058,375	97,323,375	-----	5,149,260	106,353,750	105,988,750	-----	5,514,260
Motor Vehicle Transportation Tax Fund.....	439	1,951,269	15,540,200	1,002,918	-----	2,138,251	16,641,700	1,019,644	-----	2,583,307
Nurse Examiners Fund.....	907	392,319	90,023	153,066	-----	329,276	136,500	163,911	-----	298,925
Optometry Fund.....	909	8,916	36,700	38,282	-----	7,334	41,400	39,387	-----	9,347
Osteopathic Examiners Contingent Fund.....	859	60,004	49,725	53,552	-----	56,177	49,850	55,438	-----	50,589
Petroleum and Gas Fund.....	747	98,328	561,194	602,824	-----	56,698	613,982	620,680	-----	50,000
Pharmacy Board Contingent Fund.....	911	72,809	182,820	210,556	-----	45,073	244,500	231,212	-----	58,361
Physical Therapy Fund.....	905	17,689	7,500	12,970	-----	12,219	10,550	13,426	-----	9,069
Pilot Commissioners' Special Fund.....	862	6,500	13,433	13,453	-----	6,500	13,426	13,426	-----	6,500
Poultry Testing Project Fund.....	97	45,510	57,900	99,461	+ 29,858	33,807	74,200	129,752	+ 46,745	25,000
Private Investigators and Adjustors Fund.....	913	169,600	36,860	33,062	-----	173,386	35,840	34,836	-----	174,402
Professional Engineers Fund.....	884	466,810	212,012	253,747	-----	423,075	233,562	258,737	-----	397,900
Real Estate Fund.....	855	1,328,931	949,480	1,171,810	-----	1,106,601	1,049,379	1,310,275	-----	839,705
Redemption Tax Fund.....	421	677,355	237,000	188,947	-----	725,408	207,000	182,882	-----	749,526

Schedule 5—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1955, JUNE 30, 1956, AND JUNE 30, 1957—Continued

Fund and Fiscal Year	Page Refer- ence	Accumulated surplus June 30, 1955	Estimated revenues 1955-56	Estimated expenditures 1955-56	Transfers between funds	Accumulated surplus June 30, 1956	Estimated revenues 1956-57	Estimated expenditures 1956-57	Transfers between funds	Accumulated surplus June 30, 1957
SPECIAL FUNDS—Continued										
Registered Social Worker's Fund.....	917	\$51,169	\$20,800	\$21,359	-----	\$50,610	\$16,600	\$20,739	-----	\$46,471
Savings and Loan Inspection Fund.....	857	326,996	302,812	305,497	-----	324,311	330,913	335,370	-----	319,054
Senate Contingent Fund.....	12	512,564	-----	991,000	+ \$915,000	436,564	-----	1,036,000	+ \$900,000	300,564
Shorthand Reporters Fund.....	915	25,555	16,125	13,884	-----	27,796	17,735	14,440	-----	31,091
Sixth District Agricultural Association Fund.....	474	—1,074	48,540	152,722	+ 106,000	744	57,200	177,507	+ 126,000	6,337
State Beach Fund.....	1268	16,554,815	3,538,771	3,428,598	-----	16,064,988	2,955,610	6,101,325	—2,271,382	11,247,891
State College Fund.....	1050	2,208,678	1,481,450	592,821	-----	3,097,307	1,521,000	509,392	-----	4,108,915
State Lands Act Fund.....	480	2,000,000	1,173,480	2,654,675	— 518,805	-----	988,899	688,899	—300,000	-----
State Fair Fund.....	471	144,877	1,238,520	1,962,227	+ 625,000	46,170	1,393,750	2,112,502	+ 702,000	29,418
State School Fund.....	1355	131,256	4,354,700	4,400,000	-----	85,956	4,339,200	4,400,000	-----	45,156
State Park Fund.....	1268	23,085,922	7,077,543	5,147,557	-----	25,015,908	5,911,221	16,156,396	—945,855	13,824,878
State Park Maintenance Fund.....	726	202,559	613,000	889,715	-----	—74,156	618,000	513,844	-----	-----
Structural Pest Control Fund.....	919	10,084	64,407	56,857	-----	17,634	68,900	58,518	-----	28,016
Transportation Rate Fund.....	935	470,111	1,925,912	1,872,811	-----	523,212	2,031,000	1,919,358	-----	634,854
Veterans Dependents Education Fund.....	955	—48,010	-----	293,300	+ 518,805	177,495	-----	343,400	+ 300,000	134,095
Veterinary Examiners' Contingent Fund.....	921	23,820	17,905	18,996	-----	22,729	15,940	18,982	-----	19,087
Vocational Nurse Examiners Fund.....	923	15,642	51,900	43,754	-----	23,788	48,900	44,560	-----	28,128
Wildlife Restoration Fund.....	1223	2,751,150	794,500	2,140,796	-----	1,404,854	772,500	1,731,834	-----	445,520
Yacht and Ship Brokers Fund.....	925	30,965	16,577	17,779	-----	29,763	17,907	18,071	-----	29,599
Provision for Salary Increase.....	969	-----	-----	-----	-----	-----	-----	5,615,215	-----	—5,016,215
TOTALS, SPECIAL FUNDS.....	-----	\$142,685,357	\$573,753,622	\$582,314,950	+ \$2,324,919	\$136,448,948	\$599,938,310	\$614,342,158	—\$2,010,356	\$120,034,774
GRAND TOTALS, ALL STATE FUNDS.....	-----	\$397,633,521	\$1,562,264,381	\$1,606,163,371	-----	\$353,733,931	\$1,614,885,351	\$1,736,112,983	-----	\$232,506,299

Schedule 6

**STATEMENT OF BALANCES IN OTHER TREASURY FUNDS NOT INCLUDED IN BUDGET TOTALS
AS OF JUNE 30, 1954, AND JUNE 30, 1955**

(See Appendix for Explanation of Treatment of Other Treasury Funds Not Included in Budget Totals)

Fund	Page Ref- er- ence	Balance June 30, 1954				Balance June 30, 1955			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
UTILITY FUNDS:									
College Auxiliary Enterprise Fund.....	1390	\$70,616			\$70,616	\$84,807			\$84,807
Compensation Insurance Fund.....	1391	1,593,828	\$69,438,000		71,031,828	979,875	\$73,788,000		74,767,875
San Francisco Harbor Improvement Fund.....	1392	387,779		\$2,000,000	2,387,779	990,470		\$900,000	1,890,470
Unemployment Compensation Disability Fund.....	1470	432,837	133,985,510		134,418,347	1,475,433	129,694,842		131,170,275
Veteran's Farm and Home Building Fund of 1943.....	1400	458,461	35,692,455		36,150,916	2,475,277	36,849,865		39,325,142
San Francisco Harbor Construction Fund, Series A.....	1479	10,000			10,000	4,340,964			4,340,964
San Francisco Harbor Revenue Bond Fund.....	1479					288,089	280,000		568,089
WORKING CAPITAL AND REVOLVING FUNDS:									
Architectural Revolving Fund.....	1426	1,210,340		83,925,000	85,135,340	1,760,765		66,000,000	67,760,765
Ballot Paper Revolving Fund.....	1479	77,126			77,126	95,507			95,507
California Industries for the Blind Manufacturing Fund.....	1412	136,904		100,000	236,904	201,470			201,470
Correctional Industries Revolving Fund.....	1401	7,802		1,250,000	1,257,802	576,230		350,000	926,230
Old Age and Survivors Insurance Fund.....	1479	7,403			7,403	1,033			1,033
Printing Fund.....	1420	420,643			420,643	814,422			814,422
Professional and Vocational Standards Fund.....	866	101,280			101,280	118,090			118,090
Purchasing Revolving Fund.....	1421	372,193			372,193	275,880			275,880
Soil Conservation Equipment Revolving Fund.....	1425	153,833		400,000	553,833	160,849		400,000	560,849
State Payroll Revolving Fund.....	1479	21,067,808			21,067,808	22,543,380			22,543,380
State Water Pollution Control Fund.....	1424	44,023		700,000	744,023	61,370		650,000	711,370
Surplus Educational Property Revolving Fund.....	1411	266,899			266,899	336,424		100,000	436,424
Surplus Money Investment Fund.....	1480	110,300,000	47,800,000	—158,100,000		49,462,456	72,802,544	—122,265,000	
Toll Bridge Authority Revolving Fund.....	1479	690			690	690			690
Water Commission Revolving Fund.....	1436	56,909			56,909	55,891			55,891
Water Resources Revolving Fund.....	1436	170,178		500,000	670,178	60,055		400,000	460,055
Highway Rights of Way Acquisition Fund.....	1294	5	5		5	865,931			865,931
BOND FUNDS:									
Public School Building Loan Fund.....	1360	932,785	20,300,000		21,232,785	71,301	16,099,504		16,170,805
State School Building Fund.....	1360	32,843			32,843	62,115			62,115
State School Building Aid Fund.....	1360	955,569	81,557,293		82,512,862	877,559	64,000,000		64,877,559
San Francisco Sea Wall Fund No. 4.....	1479	64,357		100,000	164,357	3,247			3,247
INTEREST REDEMPTION AND SINKING FUNDS:									
India Basin Sinking Fund.....	1479	9,709			9,709	9,283			9,283
Sacramento State Building Interest and Sinking Fund.....	976	744	3,241,500		3,242,244	21,391	3,319,000		3,340,391
San Francisco Seawall Sinking Fund No. 2.....	1479	19,469			19,469	19,972			19,972
San Francisco Seawall Sinking Fund No. 3.....	1479	168,617	4,482,000		4,650,617	39,143			39,143
San Francisco Seawall Sinking Fund No. 4.....	1479	171,083	41,000		212,083	169,650	41,000		210,650

Schedule 6—STATEMENT OF BALANCES IN OTHER TREASURY FUNDS—Continued

Fund	Page Ref- er- ence	Balance June 30, 1954				Balance June 30, 1955			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
TRUST AND AGENCY FUNDS:									
Agriculture Building Fund.....	1472	\$24,408	-----	-----	\$24,408	\$24,479	-----	-----	\$24,479
Inmate Welfare Fund.....	1442	59,212	-----	-----	59,212	92,814	-----	-----	92,814
Judges Retirement Fund.....	1476	66,461	\$1,407,500	-----	1,473,961	33,748	\$1,622,500	-----	1,656,248
Legislators Retirement Fund.....	1475	1,252	135,000	-----	136,252	2,262	155,000	-----	157,262
Montague Water Conservation District Condemnation Fund.....	1479	48	-----	-----	48	48	-----	-----	48
Olympic Boid Fund.....	976	33,592	405,300	-----	438,892	25,770	385,300	-----	411,070
Public Building Reconstruction Fund.....	1479	428	-----	-----	428	428	-----	-----	428
Public Health Federal Fund.....	1479	464,762	-----	-----	464,762	512,749	-----	-----	512,749
Retirement Annuity Fund.....	1361	1,002,244	103,032,000	-----	104,034,244	2,337,170	130,266,000	-----	132,603,170
Richmond-San Rafael Bridge Construction Fund.....	1479	93,217	32,700,000	-----	32,793,217	271,869	13,900,000	-----	14,171,869
San Francisco-Oakland Bay Bridge Construction Fund.....	1479	86,374	6,986,550	-----	7,072,924	117,860	5,387,386	-----	5,505,246
School Land Fund.....	1480	46,381	10,592,550	-----	10,638,931	22,155	11,412,995	-----	11,435,150
Social Welfare Federal Fund.....	1480	356,282	-----	-----	356,282	332,845	-----	-----	332,845
Southern Crossing Engineering Fund.....	1480	62,274	1,447,376	-----	1,509,650	92,743	1,195,644	-----	1,288,387
Special Deposit Fund.....	1480	14,044,571	30,989,636	\$4,200,000	49,234,207	4,253,740	34,500	\$3,700,000	7,988,240
State Employees Retirement Fund.....	1475	2,343,875	438,904,000	-----	441,247,875	3,635,789	524,859,000	-----	528,494,789
State Park Contingent Fund.....	1480	104,536	-----	600,000	704,536	353,483	-----	450,000	803,483
Tax Dedeed Land Rental Trust Fund.....	1480	7,012	-----	-----	7,012	7,569	-----	-----	7,569
Teachers Annuity Deposit Fund.....	1478	42,323	3,650,000	-----	3,692,323	31,722	3,670,000	-----	3,701,722
Teachers Permanent Fund.....	1477	229,169	99,304,750	-----	99,533,919	600,973	106,616,375	-----	107,217,348
Teachers Retirement Disbursement Fund.....	1480	1,669,509	-----	-----	1,669,509	1,782,192	-----	-----	1,782,192
Torrens Title Assurance Fund.....	1480	63	-----	-----	63	63	-----	-----	63
Unclaimed Property Fund.....	1480	51,290	6,467,000	-----	6,518,290	53,953	6,502,500	-----	6,556,453
Unemployment Fund.....	1470	7,475	-----	-----	7,475	7,832	-----	-----	7,832
Unemployment Administration Fund.....	1470	1,066,858	-----	-----	1,066,858	3,362,969	-----	-----	3,362,969
Vocational Education Fund.....	266	1,083,663	-----	300,000	1,383,663	924,345	300,000	-----	1,224,345
Vocational Rehabilitation Fund.....	267	485	-----	-----	485	309	-----	-----	309
Vocational Rehabilitation Federal Fund.....	1480	504	-----	-----	504	201,689	-----	-----	201,689
Veterans Affairs Construction Fund.....	1474	-----	-----	-----	-----	24,711	-----	-----	24,711
San Francisco Harbor Special Fire Deposit Fund.....	1392	-----	-----	-----	-----	6,554	-----	-----	6,554
ASSESSMENT FUNDS:									
Flood Control Project Maintenance Revolving Fund.....	1436	99,393	-----	-----	99,393	89,559	-----	-----	89,559
Watermaster Service Fund.....	815	50,399	-----	-----	50,399	60,289	-----	-----	60,289
TOTAL BALANCES, OTHER TREASURY FUNDS.....									
General Fund.....	-----	\$162,820,793	\$1,132,559,420	-----	\$1,291,355,213	\$108,563,700	\$1,202,881,955	-----	\$1,262,430,655
Special Funds.....	-----	3,923,487	50,480,000	-----	54,403,487	41,853,853	28,582,000	-----	70,385,853
Reserve Funds.....	-----	23,602,921	97,805,732	-----	121,408,653	68,674,620	97,430,681	49,015,000	215,110,801
Treasurer's Trust Accounts.....	-----	1,634,551	218,298,182	-----	219,932,733	686,828	184,213,113	-----	184,849,941
Undeclared Collections.....	-----	20,523,538	20,189,650	-----	40,713,188	12,687,042	29,487,738	-----	42,174,780
Warrants Outstanding.....	-----	13,221,429	-----	-----	13,221,429	8,248,801	-----	-----	8,248,801
-----	-----	68,005,782	-----	-----	68,005,782	67,724,936	-----	-----	67,724,936
TOTALS, STATE TREASURER'S ACCOUNTABILITY.....									
		\$293,692,801	\$1,514,372,984	-----	\$1,808,065,785	\$308,389,780	\$1,512,555,487	-----	\$1,850,925,867

^a This total includes \$204,785,500 deposited in interest bearing inactive bank accounts.

^b This total includes \$196,804,949 deposited in interest bearing inactive bank accounts.

Schedule 7

COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1954-55, 1955-56 AND 1956-57

Department	Page Reference	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
DEPARTMENT OF AGRICULTURE:				
Grants for cooperative market research.....	51	\$83,125	\$70,000	\$75,000
DEPARTMENT OF EDUCATION:				
School facilities survey.....	239	\$387	\$552	
Bureau of Vocational Education:				
Supervisor and Teacher Training.....	260	406,309	410,038	\$424,024
Reimbursements to school districts.....	1356	1,056,521	1,052,792	1,038,806
Totals, Bureau of Vocational Education.....		\$1,462,830	\$1,462,830	\$1,462,830
Bureau of Vocational Rehabilitation.....	267	\$1,740,312	\$1,934,170	\$2,196,939
California Maritime Academy.....	352	25,000	25,000	25,000
School Lunch Program.....	1362	3,188,392	3,341,762	3,341,762
Special Milk Program.....	1362	787,394	2,611,595	2,611,595
Totals, Education.....		\$7,204,315	\$9,375,909	\$9,638,126
DEPARTMENT OF EMPLOYMENT:				
Grants for administration.....	1470	\$22,358,378	\$23,872,868	\$25,835,020
DEPARTMENT OF MENTAL HYGIENE:				
National Mental Health Act.....	940	\$132,868	\$198,700	\$198,700
MILITARY DEPARTMENT:				
Grants for construction of armories.....	1215	\$541,931	\$2,349,852	\$129,000
NATURAL RESOURCES:				
Department of Fish and Game:				
Game management.....	675	\$642,727	\$701,700	\$868,125
Fisheries management.....	675	193,975	240,000	244,500
Department of Natural Resources:				
Grants for forest fire cooperation.....	727	1,366,806	1,366,806	1,366,806
Grants for forest planting cooperation.....	727	9,500	10,900	10,900
Totals, Natural Resources.....		\$2,213,008	\$2,319,406	\$2,490,331
DEPARTMENT OF PUBLIC HEALTH:				
Grants for Public Health services—State Operations.....	750	\$1,696,799	\$2,185,851	\$1,776,902
Grants for development of industrial waste study techniques.....	777	9,070	8,256	
Grants for Public Health services—Local Assistance.....	1364	409,840	472,369	472,369
Grants for hospital construction.....	1367	2,625,365	5,458,247	4,545,439
Totals, Public Health.....		\$4,741,074	\$8,124,723	\$6,794,710
DEPARTMENT OF PUBLIC WORKS:				
Division of Highways:				
Grants for State Highways.....	1284	\$30,396,808	\$44,015,074	\$40,666,195
Grants for County Roads and Highways.....	1368	7,268,476	10,859,554	6,540,919
Totals, Public Works.....		\$37,665,284	\$54,874,628	\$47,207,114
DEPARTMENT OF SOCIAL WELFARE:				
Old Age Security:				
Grants for Assistance.....	1375	\$106,612,441	\$107,703,200	\$108,829,700
Grants for County Administration.....	1378	5,868,424	6,461,700	6,978,600
Grants for State Administration.....	947	373,147	391,032	401,099
Totals, Aid to Needy Aged.....		\$112,854,012	\$114,555,932	\$116,209,399
Aid to Needy Blind:				
Grants for Assistance.....	1376	\$4,911,076	\$5,153,000	\$5,302,400
Grants for County Administration.....	1378	315,889	347,700	382,500
Grants for State Administration.....	947	123,717	134,696	138,626
Treatment to Prevent Blindness.....	947	2,805	3,749	3,749
Totals, Aid to Needy Blind.....		\$5,353,487	\$5,639,145	\$5,827,275

Schedule 7—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued

Department	Page Refer- ence	Actual 1954-55	Estimated 1955-56	Estimated 1956-57
DEPARTMENT OF SOCIAL WELFARE—Continued				
Aid to Needy Children:				
Grants for Assistance.....	1378	\$36,262,663	\$36,660,900	\$37,049,100
Grants for County Administration.....	1379	5,322,273	5,862,400	6,448,600
Grants for State Administration.....	947	409,547	410,238	422,629
Totals, Aid to Needy Children.....		\$41,994,483	\$42,933,538	\$43,920,329
Child Welfare Services:				
Grants for County Administration.....	1380	\$93,195	\$119,221	\$117,637
Grants for State Administration.....	947	74,367	133,852	114,586
Totals, Child Welfare Services.....		\$167,562	\$253,073	\$232,223
Grants for State Employees Retirement.....	947	60,664	67,181	72,568
Totals, Social Welfare.....		\$160,430,208	\$163,448,869	\$166,261,794
DEPARTMENT OF VETERANS AFFAIRS:				
Veterans' Home:				
Grants for Care and Maintenance of Veterans.....	956	\$1,059,746	\$1,281,189	\$1,390,725
SHARED REVENUES:				
Federal receipts from flood control land.....	1385	\$69,667	\$75,909	\$80,000
Federal receipts from forest reserves.....	1385	2,555,632	2,994,976	3,300,000
Federal receipts from grazing lands.....	1385	34,613	35,167	36,000
Federal potash lease rentals.....	1385	236,966	240,000	243,000
Totals, Shared Revenues.....		\$2,896,878	\$3,346,052	\$3,659,000
TOTALS.....		\$239,326,815	\$269,262,196	\$263,679,520

Schedule 8

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATIONS FOR THE FISCAL YEAR 1956-57

Function	Proposed Budget Act of 1956			Fixed Charges and Continuing Appropriations			Prior Year Appropriations			Total Expenditures
	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	
STATE OPERATIONS										
CURRENT EXPENSES:										
Legislative.....	\$869,376	-----	\$869,376	\$784,407	-----	\$784,407	-----	\$2,886,000	\$2,886,000	\$4,539,783
Judicial.....	1,689,880	-----	1,689,880	72,061	-----	72,061	-----	-----	-----	1,761,941
Executive.....	1,419,886	-----	1,419,886	37,986	-----	37,986	-----	-----	-----	1,457,872
General Administrative.....	2,495,847	\$42,074	2,537,921	198,668	\$2,072	200,740	-----	-----	-----	2,738,661
Agriculture.....	6,472,126	5,456,469	11,928,595	374,891	677,016	1,051,907	\$4,294	-----	4,294	12,984,796
Corrections.....	33,818,633	-----	33,818,633	1,776,159	-----	1,776,159	-----	-----	-----	35,594,792
Education.....	102,456,352	4,493,583	106,949,935	6,516,774	248,085	6,764,859	300,000	30,000	330,000	114,044,794
Employment.....	-----	36,789	36,789	-----	1,943	1,943	-----	-----	-----	38,732
Fiscal Affairs.....	26,076,994	5,420,464	31,497,458	1,704,763	3,662,293	5,367,056	-----	1,500	1,500	36,866,014
Highway Patrol.....	-----	17,841,097	17,841,097	-----	3,056,760	3,056,760	-----	-----	-----	20,897,857
Industrial Relations.....	6,604,247	74,849	6,679,096	466,306	4,944	471,250	-----	-----	-----	7,190,346
Justice.....	4,203,992	-----	4,203,992	265,991	-----	265,991	-----	-----	-----	4,469,983
Mental Hygiene.....	75,576,497	-----	75,576,497	4,674,216	-----	4,674,216	-----	-----	-----	80,250,713
Military Affairs.....	2,704,979	-----	2,704,979	97,751	-----	97,751	-----	-----	-----	2,802,730
Motor Vehicles.....	15,000	18,198,454	18,213,454	-----	1,089,369	1,089,369	-----	-----	-----	19,302,823
Natural Resources.....	12,261,265	12,026,104	24,287,369	507,418	803,895	1,311,313	-----	-----	-----	25,598,682
Public Health.....	5,151,624	-----	5,151,624	309,608	-----	309,608	-----	-----	-----	5,461,232
Public Works.....	5,321,329	856,330	6,177,659	279,194	33,984,037	34,263,231	116,226	25,464	141,690	40,582,580
Regulation and Licensing.....	6,145,820	8,581,502	14,727,322	419,270	474,037	893,307	-----	35,000	35,000	15,655,629
Social Welfare.....	2,409,071	-----	2,409,071	157,385	-----	157,385	-----	-----	-----	2,566,456
Veterans Affairs.....	5,818,645	378,400	6,197,045	220,500	-----	220,500	-----	-----	-----	6,417,545
Miscellaneous.....	1,569,284	12,239	1,581,523	9,500	-----	9,500	-----	-----	-----	1,689,623
Provision for Salary Increases.....	12,941,532	5,615,215	18,556,747	-----	-----	-----	-----	-----	-----	18,556,747
Credits for overhead charges to special fund agencies.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTALS, CURRENT EXPENSES.....	\$313,772,379	\$79,033,569	\$392,805,948	\$18,872,848	\$44,004,451	\$62,877,299	\$519,120	\$2,977,964	\$3,497,084	\$459,180,351
RESERVE FOR CONTINGENCIES.....	\$2,000,000	-----	\$2,000,000	-----	-----	-----	-----	-----	-----	\$2,000,000
DEBT SERVICE.....	-----	-----	-----	\$2,596,042	\$564,299	\$3,160,341	-----	-----	-----	3,160,341
TOTALS, STATE OPERATIONS.....	\$315,772,379	\$79,033,569	\$394,805,948	\$21,468,890	\$44,568,750	\$66,037,640	\$519,120	\$2,977,964	\$3,497,084	\$464,340,672

Schedule 8—SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATIONS FOR THE FISCAL YEAR 1956-57—Continued

Function	Proposed Budget Act of 1956			Fixed Charges and Continuing Appropriations			Prior Year Appropriations			Total Expenditures
	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	
CAPITAL OUTLAY										
Agriculture.....		\$65,258	\$65,258							\$65,258
Corrections.....		11,458,710	11,458,710					\$84,715	\$84,715	11,543,425
Education.....		45,563,586	45,563,586		\$4,062,798	\$4,062,798				49,626,384
Employment.....		50,000	50,000					—402,756	—402,756	—352,756
Fiscal Affairs.....		2,136,407	2,136,407		2,297,128	2,297,128	\$—86,673		—86,673	4,346,862
Highway Patrol.....		516,080	516,080							516,080
Mental Hygiene.....		17,286,020	17,286,020					601,550	601,550	17,887,570
Military Affairs.....		138,000	138,000					86,000	86,000	224,000
Motor Vehicles.....		633,835	633,835							633,835
Natural Resources.....		16,959,207	16,959,207		1,680,452	1,680,452		10,000	10,000	18,649,659
California Olympic Commission.....		4,000,000	4,000,000					900,545	900,545	4,900,545
Public Health.....		118,055	118,055							118,055
Public Works.....	\$5,160,000	2,340,300	7,500,300		237,080,071	237,080,071		82,385	82,385	239,502,756
Veterans Affairs.....		104,720	104,720							104,720
Unallocated.....		900,000	900,000					4,100,000	4,100,000	5,000,000
TOTALS, CAPITAL OUTLAY.....	\$5,160,000	\$102,270,178	\$107,430,178		\$245,120,449	\$245,120,449	\$—86,673	\$5,462,439	\$5,375,766	\$357,926,393
LOCAL ASSISTANCE										
For Education.....	\$37,471,680		\$37,471,680	\$465,046,798	\$5,515,789	\$470,562,587				\$508,034,267
For Public Health.....	17,388,398		17,388,398	37,000		37,000				17,425,398
For Public Works.....		\$4,424,500	4,424,500		3,707,000	3,707,000	\$—172,874	\$9,581,000	\$9,408,126	17,539,626
For Social Welfare.....	2,546,883		2,546,883	150,205,700		150,205,700				152,752,583
For Other Purposes.....	3,880,666		3,880,666	171,676	2,971,915	3,143,591				7,024,257
Shared Revenues.....					211,069,787	211,069,787				211,069,787
TOTALS, LOCAL ASSISTANCE.....	\$61,287,627	\$4,424,500	\$65,712,127	\$615,461,174	\$223,264,491	\$838,725,665	\$—172,874	\$9,581,000	\$9,408,126	\$913,845,918
GRAND TOTALS, EXPENDITURES.....	\$382,220,006	\$185,728,247	\$567,948,253	\$636,930,064	\$512,053,690	\$1,149,883,754	\$250,573	\$18,021,403	\$18,280,976	\$1,736,112,983

Schedule 9

COMPARATIVE STATEMENT OF FIXED CHARGES AND CONTROLLABLE EXPENDITURES
FOR THE FISCAL YEARS 1954-55, 1955-56, AND 1956-57

Purpose and legal citation	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
FIXED CHARGES									
Fixed by Constitution:									
Salaries of State Legislators	\$605,691		\$605,691	\$702,192		\$702,192	\$720,000		\$720,000
Section 2 (b), Article IV									
Bond Interest and Redemption	2,512,000	\$846,401	3,358,401	2,436,625	\$822,185	3,258,810	2,596,042	\$564,299	3,160,341
Various Bond Acts Ratified in the Constitution	6,862,195	1,239,437	8,101,632	8,196,353	1,253,012	9,449,365	7,897,425	1,115,789	9,013,214
Public School Buildings Bonds Ratified in the Constitution									
Apportionment to Public Schools	393,298,033	4,213,247	397,511,280	424,191,521	4,400,000	428,591,521	455,463,160	4,400,000	459,863,160
Section 6, Article IX				269,533		269,533			
Salaries of Superior Court Judges, Section 17, Article VI									
TOTALS, CONSTITUTIONAL FIXED CHARGES	\$403,277,919	\$6,299,085	\$409,577,004	\$435,796,224	\$6,475,197	\$442,271,421	\$466,676,627	\$6,080,088	\$472,756,715
Fixed by Statutes:									
Contribution to Judges' Retirement Fund, Section 75101 Government Code:									
Justices and Judges of Supreme and Appellate Courts—State Operations	\$13,750		\$13,750	\$15,393		\$15,393	\$15,695		\$15,695
Judges of Superior and Municipal Courts—Local Assistance	145,414		145,414	166,885		166,885	171,676		171,676
California Dairy Industry Advisory Board									
Section 746.3, Agriculture Code		\$379,226	379,226		\$421,145	421,145		\$422,514	422,514
Apportionment to Public Schools									
Section 10208, Education Code, Driver Education	699,669		699,669	1,116,773		1,116,773	1,369,000		1,369,000
Section 7652, Education Code, Error in Tax Rate	—17,197		—17,197	—17,196		—17,196			
Section 7664, Education Code, New Junior College Districts	37,680		37,680	36,000		36,000			
Vocational Education									
Sections 5705, 5706, and 9161 Education Code:									
Supervision and teacher training	341,213		341,213	410,038		410,038	424,025		424,025
Reimbursements to school districts	373,254		373,254	318,554		318,554	313,432		313,432
University of California									
Section 19626, Business and Professions Code		3,462,406	3,462,406		3,778,459	3,778,459		4,062,798	4,062,798
State Fair and Exposition		15,000	15,000		15,000	15,000		15,000	15,000
Section 19622.5, Business and Professions Code									
District Agricultural Fairs									
Sections 19622, 19624 and 19626.6, Business and Professions Code and Chapter 1424, Statutes of 1953—State Operations		3,415,000	3,415,000		3,415,000	3,415,000		3,415,000	3,415,000
Section 19626, Business and Professions Code—Capital Outlay		4	4		4	4		4	4
County Agricultural Fairs		1,482,693	1,482,693		4,479,863	4,479,863		2,297,128	2,297,128
Sections 19622, 19624, and 19626, Business and Professions Code		2,818,100	2,818,100		4,121,319	4,121,319		2,971,915	2,971,915

Schedule 9—FIXED CHARGES AND CONTROLLABLE EXPENDITURES—Continued

Purpose and legal citation	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
FIXED CHARGES—Continued									
FIXED BY STATUTES—Continued									
Wildlife Conservation Board									
Section 19627, Business and Professions Code—State Operations.....		36,149	36,149		45,056	45,056		48,967	48,967
Section 19627, Business and Professions Code—Capital Outlay.....		1,896,590	1,896,590		2,093,985	2,093,985		1,680,452	1,680,452
State Highways									
Section 183, Streets and Highways Code—State Operations.....		31,050,884	31,050,884		32,062,177	32,062,177		32,262,378	32,262,378
Section 5323, Business and Professions Code—State Operations.....		74,193	74,193		78,990	78,990		81,229	81,229
Section 183, Streets and Highways Code—Capital Outlay.....		224,912,271	224,912,271		236,224,203	236,224,203		237,080,071	237,080,071
Section 2210.5, Streets and Highways Code—Local Assistance.....		2,687,015	2,687,015		4,781,281	4,781,281		3,707,000	3,707,000
Contributions to State Employees' Retirement System									
Sections 20751 and 20752, Government Code:									
State Operations.....	13,173,084	6,342,573	19,515,657	16,134,335	7,238,584	23,372,919	17,713,128	7,759,303	25,472,491
Capital Outlay.....	385,088		385,088	64,000		64,000			
Local Assistance.....	29,212		29,212	39,867		39,867	40,781		40,781
Old Age Security									
Section 2021, Welfare and Institutions Code.....	98,637,135		98,637,135	104,915,500		104,915,500	108,408,500		108,408,500
Aid to Needy Blind									
Section 3025, Welfare and Institutions Code.....	5,477,112		5,477,112	6,098,800		6,098,800	6,405,700		6,405,700
Aid to Partially Self-Supporting Blind									
Section 3420, Welfare and Institutions Code.....	364,387		364,387	370,400		370,400	378,200		378,200
Institutional Care of Needy Aged and Blind									
Section 121.5, Welfare and Institutions Code.....	1,437,002		1,437,002	355,000		355,000			
Aid to Needy Children									
Section 1510, Welfare and Institutions Code.....	33,411,037		33,411,037	34,877,450		34,877,450	35,013,300		35,013,300

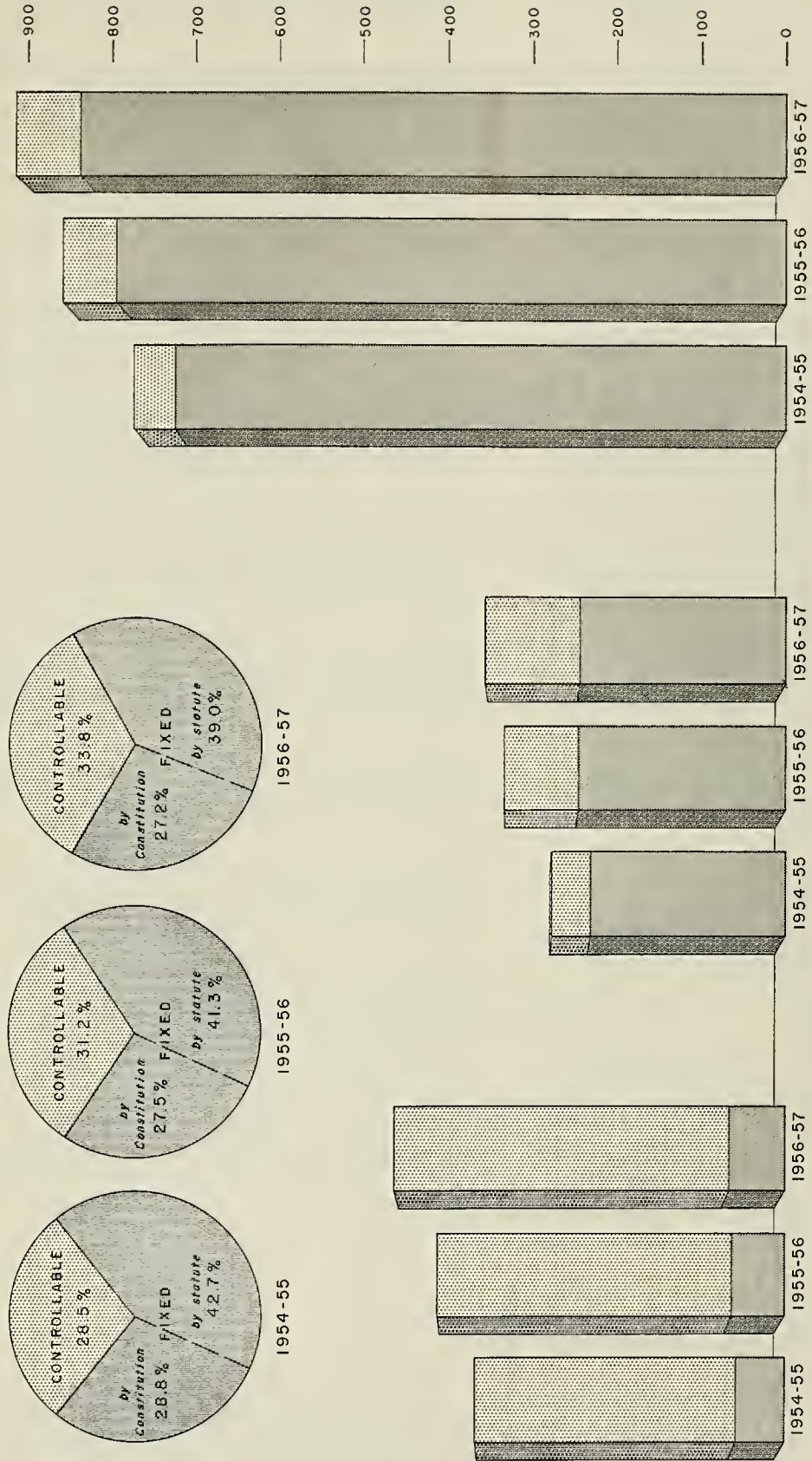
Schedule 9—FIXED CHARGES AND CONTROLLABLE EXPENDITURES—Continued

Purpose and legal citation	Actual 1954-55			Estimated 1955-56			Estimated 1956-57		
	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total	General Fund	Special Funds and Reserves	Total
FIXED CHARGES—Continued									
<i>FIXED BY STATUTES—Continued</i>									
Apportionment of Liquor License Fees		9,040,615	9,040,615		8,585,000	8,585,000		9,100,000	9,100,000
Section 25761, Business and Professions Code									
Apportionment of Motor Vehicle License Fees (In Lieu Tax)		79,781,171	79,781,171		94,723,147	94,723,147		103,273,147	103,273,147
Section 11005, Revenue and Taxation Code									
Apportionment of Motor Vehicle Fuel Taxes to Counties		53,529,953	53,529,953		58,149,468	58,149,468		59,772,625	59,772,625
Section 2105 and 2106, Streets and Highways Code									
Apportionment of Motor Vehicle Registration and Weight Fees		9,273,700	9,273,700		9,585,316	9,585,316		10,454,640	10,454,640
Section 2104, Streets and Highways Code									
Apportionment of Motor Vehicle Fuel Taxes to Counties for Airports		294,339	294,339						
Section 8355, Revenue and Taxation Code									
Apportionment of Motor Vehicle Fuel Taxes to Cities		22,852,904	22,852,904						
Section 2107, Streets and Highways Code									
TOTALS, STATUTORY FIXED CHARGES	\$154,507,840	\$453,344,786	\$607,852,626	\$164,901,799	\$497,491,569	\$662,393,368	\$170,253,437	\$506,873,602	\$677,127,039
TOTALS, FIXED CHARGES	\$557,785,759	\$459,643,871	\$1,017,429,630	\$600,698,023	\$503,966,766	\$1,104,664,789	\$636,930,064	\$512,953,690	\$1,149,883,754
<i>State Operations</i>	\$16,645,738	\$42,159,430	\$58,805,168	\$19,698,583	\$44,098,187	\$63,796,720	\$21,468,890	\$44,568,760	\$66,037,640
<i>Capital Outlay</i>	385,088	231,753,960	232,139,048	64,000	246,576,510	246,640,510		245,120,449	245,120,449
<i>Local Assistance</i>	540,754,933	185,730,481	726,485,414	580,935,440	213,292,119	794,227,559	615,461,174	223,964,491	838,725,665
CONTROLLABLE EXPENDITURES									
Expenditures from appropriations and authorizations which are subject to legislative or executive determinations, including Budget Act appropriations, special appropriations, balances available in prior year appropriations made available for expenditure for more than one fiscal year, and deficiency authorizations:									
State Operations	\$247,298,716	\$62,425,039	\$309,723,755	\$277,786,014	\$70,985,578	\$348,771,592	\$316,291,499	\$82,011,533	\$398,303,032
Capital Outlay	652,440	45,240,211	45,892,651	—1,048,852	90,300,326	89,251,474	5,073,327	107,732,617	112,805,944
Local Assistance	46,280,023	3,125,615	49,405,638	57,176,528	6,299,588	63,476,116	61,114,753	14,005,500	75,120,253
TOTALS, CONTROLLABLE EXPENDITURES	\$294,231,179	\$110,790,865	\$405,022,044	\$333,913,690	\$167,585,492	\$501,499,182	\$382,479,579	\$203,749,650	\$586,229,229
GRAND TOTALS, EXPENDITURES	\$852,016,938	\$570,434,736	\$1,422,451,674	\$934,611,713	\$671,552,258	\$1,606,163,971	\$1,019,409,643	\$716,703,340	\$1,736,112,983

FIXED AND CONTROLLABLE COSTS OF STATE GOVERNMENT

1954-55, 1955-56, 1956-57

MILLIONS
OF DOLLARS



STATE OPERATIONS CAPITAL OUTLAY LOCAL ASSISTANCE
CHART 5

Schedule 10

EXPENDITURES FOR THE 1955-56 FISCAL YEAR—RECONCILIATION OF THE
CHANGES FROM THE PREVIOUS BUDGET ESTIMATE

	General Fund					Reserves and Special Funds					Total 1955-56 Expenditures per 1956-57 Budget
	1955-56 Budget as Submitted	Effect of Legislative Action	Allocations from Salary Increase and Emergency Funds	Estimated Savings	1955-56 Expenditures per 1956-57 Budget	1955-56 Budget as Submitted	Effect of Legislative Action	Authorization for Salary Increases, and Emergencies	Estimated Savings	1955-56 Expenditures per 1956-57 Budget	
STATE OPERATIONS											
CURRENT EXPENSES:											
Legislative.....	\$1,341,500	+ \$5,042	\$19,691	—\$16,153	\$1,350,080	\$1,980,000	+ \$400,000	—	\$201,000	\$2,581,000	\$3,931,080
Judicial.....	1,535,771	+ 25,574	101,193	—268	1,662,270	—	—	—	—	—	1,662,270
Executive.....	1,619,189	—37,920	22,150	—12,254	1,591,165	—	—	—	—	—	1,591,165
General Administrative.....	2,333,568	+ \$1,000	149,497	—27,812	2,536,253	38,896	—	\$4,121	161	43,178	2,579,431
Agriculture.....	6,066,188	+ 248,181	260,214	34,219	6,608,802	5,527,889	+ 44,664	504,584	50,538	6,127,675	12,736,477
Corrections.....	33,069,588	—154,771	741,666	18,892	33,675,375	—	—	—	—	—	33,675,375
Education.....	93,383,474	+ 791,407	2,878,969	192,981	97,246,831	3,790,307	+ 166,080	75,241	—16,328	4,015,300	101,262,131
Employment.....	—	—	—	—	—	40,462	—	—	—930	39,532	39,532
Fiscal Affairs.....	25,843,970	—194,149	1,161,362	—180,481	26,630,702	8,676,260	+ 74,046	175,680	—38,174	8,887,812	35,518,514
Highway Patrol.....	—	—	—	—	—	19,380,606	—635,030	293,935	—218,460	18,821,051	18,821,051
Industrial Relations.....	6,429,238	+ 115,648	307,815	—198,804	6,653,897	64,573	—	2,585	4,734	71,892	6,725,789
Justice.....	3,712,886	+ 257,691	179,350	6,706	4,156,633	—	—	—	—	—	4,156,633
Mental Hygiene.....	70,890,813	—421,923	1,763,535	43,716	72,276,141	—	—	—	—	—	72,276,141
Military Affairs.....	2,499,539	—	84,242	6,372	2,590,153	—	—	—	—	—	2,590,153
Motor Vehicles.....	—	+ 24,000	—	—12,000	12,000	17,284,024	—292,477	715,579	129,170	17,836,296	17,848,296
Natural Resources.....	11,775,053	—58,844	634,940	26,698	12,377,847	11,519,905	+ 35,072	393,815	—55,911	11,892,881	24,270,728
Public Health.....	5,051,833	—24,313	197,330	28,981	5,253,831	—	+ 20,000	—	—	20,000	5,273,831
Public Works.....	4,530,827	+ 83,416	112,423	63,592	4,790,258	33,731,934	+ 149,255	44,197	861,929	34,787,315	39,577,573
Regulation and Licensing.....	6,057,714	+ 53,195	243,696	6,564	6,361,169	8,290,288	+ 67,914	375,545	—25,934	8,707,813	15,068,982
Social Welfare.....	2,382,018	+ 1,122	88,360	—4,136	2,467,364	—	—	—	—	—	2,467,364
Veterans Affairs.....	5,336,008	+ 6,750	116,664	11,864	5,471,286	329,900	+ 43,400	—	—15,000	358,300	5,829,586
Miscellaneous.....	1,290,781	+ 421,371	93,000	228,880	2,034,032	17,589	+ 53,896	—	—	71,485	2,105,517
Provision for Salary Increases.....	—	—	—	—3,212,089	—	4,730,968	—	—4,395,402	—335,566	—	—
Credits for overhead charges to special fund agencies.....	—2,103,679	—	—	—32,101	—2,135,780	—	—	—	—	—	—2,135,780
TOTALS, CURRENT EXPENSES.....	\$294,352,759	+ \$1,222,477	\$1,061,706	—\$3,026,633	\$293,610,309	\$115,403,601	+ \$126,820	—\$1,810,120	\$541,229	\$114,261,530	\$407,871,839
DEBT SERVICE.....	\$2,436,625	—	—	—	\$2,436,625	\$822,189	—	—	—\$4	\$822,185	\$3,258,810
RESERVE FOR CONTINGENCIES.....	1,500,000	+ \$384,213	—\$1,063,185	{ \$1,220,234 —603,599 }	1,437,663	—	—	—	—	—	1,437,663
EMPLOYEES RETIREMENT RATE INCREASE.....	—	+ 1,021,200	—	b—1,021,200	—	—	+ 199,400	—	b—199,400	—	—
TOTALS, State Operations.....	\$298,289,384	+ \$2,627,890	—\$1,479	—\$3,431,198	\$297,484,597	\$116,225,790	+ \$326,220	—\$1,810,120	\$341,825	\$115,083,715	\$412,568,312

Schedule 10

EXPENDITURES FOR THE 1955-56 FISCAL YEAR—RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATE—Continued

	General Fund				Reserves and Special Funds					Total 1955-56 Expenditures per 1956-57 Budget	
	1955-56 Budget as Submitted	Effect of Legislative Action	Allocations from Salary Increase and Emergency Funds	Estimated Savings	1955-56 Expenditures per 1956-57 Budget	1955-56 Budget as Submitted	Effect of Legislative Action	Authorization for Salary Increases, and Emergencies	Estimated Savings		1955-56 Expenditures per 1956-57 Budget
CAPITAL OUTLAY											
Agriculture.....	-----	-----	-----	-----	-----	\$170,529	+ \$155,584	\$54,031	-----	-----	\$359,603
Corrections.....	-----	-----	-----	-----	-----	10,975,427	-----	753,388	203,190	11,854,375	11,854,375
Education.....	-----	-----	-----	-----	-----	32,869,912	-----	2,142,094	3,690,535	38,400,216	38,400,216
Employment.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Fiscal Affairs.....	-----	-----	-----	-----	-----	3,406,138	-----	308,398	4,647,643	8,726,105	8,636,707
Highway Patrol.....	-----	-----	-----	-----	-----	6,750	+ 65,400	-----	-----	72,150	72,150
Mental Hygiene.....	-----	-----	-----	-----	-----	20,508,613	-----	1,213,442	6,186,099	25,762,834	25,762,834
Military Affairs.....	-----	-----	-----	-----	-----	116,400	-----	89,900	1,197,853	1,381,153	1,381,153
Motor Vehicles.....	-----	-----	-----	-----	-----	771,100	-----	45,100	9,725	572,725	572,725
Natural Resources.....	-----	-----	-----	-----	-----	8,887,888	-----	166,180	+ 706,612	10,324,786	10,020,923
Public Health.....	-----	-----	-----	-----	-----	213,316,506	-----	1,200	28,996	30,196	30,196
Public Works.....	-----	-----	-----	-----	-----	890,000	-----	43,960	24,343,017	238,547,745	237,956,244
Veterans Affairs.....	-----	-----	-----	-----	-----	1,700,000	-----	-----	-----	582,573	582,573
Unallocated.....	-----	-----	-----	-----	-----	-----	-----	-----	+ 3,225,737	700,000	700,000
TOTALS, CAPITAL OUTLAY.....	-----	-----	-----	-----	-----	\$293,220,380	-----	\$807,481	\$43,808,612	\$336,876,836	\$335,801,984
LOCAL ASSISTANCE											
For Education.....	\$464,018,495	+ \$4,684,485	\$1,479	\$845,265	\$469,549,724	\$5,053,012	+ \$200,000	-----	+ \$400,000	\$5,653,012	\$475,202,736
For Public Health.....	15,060,263	+ 1,571,787	-----	-----	16,797,051	-----	-----	-----	-----	-----	16,707,051
For Public Works.....	-----	-----	-----	-----	-----	11,702,511	+ 41,416	-----	-----	11,080,869	10,176,077
For Social Welfare.....	143,624,445	+ 12,284,000	-----	-----	148,993,917	-----	-----	-----	-----	-----	148,993,917
For Other Purposes.....	3,785,987	+ 449,929	-----	-----	3,676,068	2,025,820	-----	-----	+ 1,105,409	4,121,319	7,797,387
Shared Revenues.....	-----	-----	-----	-----	-----	176,616,050	-----	-----	22,170,457	198,736,507	198,736,507
TOTALS, LOCAL ASSISTANCE.....	\$626,097,159	+ \$18,990,201	\$1,479	-----	\$638,111,968	\$196,297,393	+ \$191,416	-----	\$23,102,898	\$219,501,707	\$857,703,675
GRAND TOTALS, EXPENDITURES.....	\$924,024,863	+ \$21,248,091	-----	-----	\$934,611,713	\$605,743,563	-----	-----	\$57,253,335	\$671,552,258	\$1,606,163,971

^a Deficiency appropriation proposed.^b The State's contribution to the Employees Retirement Fund was increased but the effect was not allocated to each agency, so it is shown as a savings applying to all agencies.

Schedule 11
STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA
AS OF DECEMBER 31, 1955

This statement does not include bonds issued under authority of state instrumentalities, such as the Toll Bridge Authority, Water Project Authority, Board of State Harbor Commissioners, World Trade Center Authority, and state colleges and the University of California, which bonds are not general obligations of the State.

Name of issue	Rate of interest	Date of maturity	Amount authorized	Amount unsold	Redemption to December 31, 1955	Amount outstanding December 31, 1955	Amounts in sinking funds for payment of principal December 31, 1955
GENERAL OBLIGATION BONDS							
GENERAL FUND							
Sacramento State Buildings of 1913.....	4%	1965	\$3,000,000	-----	-----	\$3,000,000	\$3,000,000
San Francisco State Buildings of 1913.....	4%	1916-65	1,000,000	-----	\$800,000	200,000	
State University Buildings of 1915.....	4½%	1921-65	1,800,000	-----	1,400,000	400,000	
State Buildings and University Buildings of 1925.....	4-4½%	1932-65	8,500,000	-----	6,000,000	2,500,000	\$709,553
California State Parks of 1927.....	2½-4½%	1934-57	6,000,000	-----	5,500,000	500,000	
California Tenth Olympiad of 1927.....	4½%	1932-71	1,000,000	-----	600,000	400,000	
First Highway of 1909.....	4%	1917-61	18,000,000	-----	15,600,000	2,400,000	384,834
Second Highway of 1915.....	4½%	1923-62	15,000,000	-----	12,375,000	2,625,000	
Third Highway of 1919.....	4¼-5¾%	1926-65	40,000,000	-----	30,000,000	10,000,000	
State School Building of 1949.....	1-4½%	1952-78	250,000,000	-----	24,800,000	225,200,000	\$19,323,050
State School Building Aid of 1952.....	1-5%	1955-81	165,000,000	\$30,000,000	800,000	134,200,000	
State School Building Aid of 1954.....	-----	-----	100,000,000	100,000,000	-----	-----	
Totals, General Obligation Bonds.....	-----	-----	\$609,300,000	\$130,000,000	\$97,875,000	\$381,425,000	\$23,417,437
SELF-LIQUIDATING BONDS⁵							
SAN FRANCISCO HARBOR IMPROVEMENT FUND							
San Francisco Harbor Improvement of 1909 ⁶ ..	4%	1985	\$9,000,000	-----	\$5,544,000	\$3,456,000	\$77,664
San Francisco Harbor Improvement of 1913 ⁷ ..	4%	1989	10,000,000	\$550,000	4,859,000	4,591,000	103,294
San Francisco Harbor Improvement of 1929 ⁸ ..	1½-3¼%	1952-78	10,000,000	500,000	840,000	8,660,000	246,817
India Basin of 1909 ⁹	4%	1985	1,000,000	147,000	446,000	407,000	3,108
Totals, San Francisco Harbor Bonds.....	-----	-----	\$30,000,000	\$1,197,000	\$11,689,000	\$17,114,000	\$430,883
VETERANS FARM AND HOME BUILDING FUND							
Veterans' Welfare of 1933.....	2¼-3%	1937-56	\$30,000,000	-----	\$29,775,000	\$225,000	-----
Veterans' Welfare of 1943.....	1¼%	1947-66	30,000,000	-----	12,600,000	17,400,000	-----
Veterans' Welfare of 1946.....	2-2½%	1949-71	100,000,000	-----	23,260,000	76,740,000	-----
Veterans' Welfare of 1949.....	1½-4%	1952-72	100,000,000	-----	15,200,000	84,800,000	-----
Veterans' Welfare of 1951.....	1¾-2½%	1954-75	150,000,000	-----	8,500,000	141,500,000	-----
Veterans' Welfare of 1954.....	¼-5%	1957-75	175,000,000	\$85,000,000	-----	90,000,000	-----
Totals, Veterans' Welfare Bonds.....	-----	-----	\$585,000,000	\$85,000,000	\$89,335,000	\$410,665,000	-----
TOTALS, SELF-LIQUIDATING BONDS.....	-----	-----	\$615,000,000	\$86,197,000	\$101,024,000	\$427,779,000	\$430,883
TOTALS, ALL BONDS.....	-----	-----	\$1,224,300,000	\$216,197,000	\$198,899,000	\$809,204,000	\$23,848,320
Less: Amounts in Sinking Funds, December 31, 1955, Available for Payment of Principal.....	-----	-----	-----	-----	-----	23,848,320	-----
NET BONDED DEBT.....	-----	-----	-----	-----	-----	\$785,355,680	-----

- There is \$375,025 in the Sacramento State Building Interest and Sinking Fund in excess of the amount necessary to retire all outstanding bonds.
- Money was transferred from the General Fund to the Bond Sinking Fund of 1943 to pay the principal and interest on these issues to final maturity; however, \$5,000,000 was loaned to the Highway Fund for the Golden Gate Bridge and Highway District. This loan will not be repaid until after final maturity of the bonds.
- Money is transferred from the Motor Vehicle License Fee Fund to the General Fund in the amount to meet the annual interest and redemption payments.
- Money was transferred to the School Board Retirement Fund to pay part of the annual redemption requirements on the School Building Bonds. In addition, repayments from school districts and interest earned on the bond funds is available to pay part of the interest and redemption payments.
- The servicing of these bonds is primarily the responsibility of the San Francisco Harbor Improvement Fund and the Veterans Farm and Home Building Fund; however, in the last analysis they are general obligation bonds.
- Callable on or after January 2, 1951, in the amount available in the sinking fund.
- Callable on or after January 2, 1955, in the amount available in the sinking fund.
- \$500,000 callable on or after March 1, 1971.
- Callable on or after January 2, 1941, in the amount available in the sinking fund.

